OCTOBER 26, 1940

Railway Age

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RAILWAY AGE

Railway Wages and Payrolls Before and Under the New Deal

The country's experience during eleven years of a depression which still continues, and especially its experience during the seven years and eight months of the depression that it has had under the New Deal, should have taught all its people who are capable of learning one vitally important fact—viz., that no class of our people can prosper excepting when all classes of them prosper. And, especially, it should have taught all former and present employees of the railways that their prosperity, as a class, depends on the prosperity of the railways.

We Prosper or Suffer Together

By a "class" we mean all the people falling within a particular description. We mean, for example, that farmers **as a class** cannot prosper unless employers and workers in industry, **as classes,** do; that the **class** who should be fully employed in industry cannot prosper unless employers in industry, as a class, do—that, in other words, while **some members** of a class may temporarily benefit by measures conferring on them special advantages at the expense of members of other classes, these advantages are likely to be more apparent than real, **and every important entire class of the people prospers only when, and because, all other important entire classes of the people are prospering.**

For purposes of illustration, if not of demonstration, let us take the experience of railway employees. Probably a majority of them intend at present to vote for a third term for the New Deal in the belief that it has especially benefited them. But has it? We present herewith a table of statistics giving (1) the number of railway employees, (2) their average compensation, (3) the total compensation of all railway employees, and (4) the gross earnings of the railways, annually and by periods, throughout the forty-five years for which data regarding all these matters are available. These statistics show that the average annual wage of railway employees declined from $1,744 in 1929 to $1,445 in 1933; then increased throughout the subsequent six years until in 1939 it was the highest in history—$1,886. And this advance under the New Deal, after the decline during the earlier years of the depression, is the principal reason why so many railway employees regard the New Deal with gratitude and intend to vote for its continuance.

But was either the decline or the subsequent advance in the average railway wage between 1929 and 1939 unprecedented? By no means—as the figures in the table very conclusively demonstrate. They show (1) that repeatedly during the preceding thirty-five years there were both declines and advances; (2) that at the end of **every one** of the four ten-year periods into which we have divided the last forty years the average annual wage was higher than at the end of the previous period; and they show (3) something else that is very significant—viz., that in the ten-year period from 1929 to 1939, of which seven years were under the New Deal, **the advance in the average annual railway wage was relatively the smallest that occurred in any decade in the last forty years.**

Economic Progress the Best Wage-Raiser

We begin the table with statistics for 1895, because that is the earliest year for which railway wage data are available. All the figures in the table should be very carefully studied by all railway employees to whom they are available and by all persons who are concerned regarding the welfare of all those who are or should be employed by the railways; the changes in railway wages they show occurred in the three and a half decades before the New Deal, when wages were determined principally by economic progress, and in the last decade, mainly under the New Deal, when they have been determined principally by politics, strikingly illustrate how much more labor has to gain by progress than by politics.

Owing, no doubt, to effects of the depression of the 90's average annual pay of railway employees declined

slightly from 1895 to 1899. There were also some declines in the decade ending with 1909; but in the ten years 1900-1909, inclusive, average annual pay was 8.3 per cent higher than in the five years 1895-1899, inclusive, and in 1909 was almost 17 per cent higher than in 1899. There was an unbroken increase in average annual pay throughout the ten years ending with 1919, which was sharply accelerated under wartime government operation in 1918 and 1919, with the result that average annual pay in the entire decade ending with 1919 was 52 per cent higher than in the entire decade ending with 1909, while in the single year 1919 it was 125 per cent higher than ten years before in 1909.

Number of Railway Employees, Average Annual Pay, Total Payroll and Railway Gross Earnings, 1895-1939, Inclusive

Year	Number of Employees (000)	Average Compensation	Total Compensation (000)	Railway Gross Earnings (000)
1895	785	$568	$445,508	$1,075,371
1896	827	567	468,825	1,150,169
1897	823	566	465,602	1,122,090
1898	875	566	495,056	1,247,326
1899	929	563	522,968	1,313,610
Avg. 1895-1899	848	566	479,592	1,181,713
1900	1,018	567	577,265	1,487,045
1901	1,071	570	610,714	1,588,526
1902	1,189	569	676,029	1,726,380
1903	1,313	577	757,321	1,900,847
1904	1,296	631	817,599	1,975,174
1905	1,382	608	839,945	2,082,482
1906	1,521	592	900,802	2,325,765
1907	1,672	641	1,072,386	2,589,106
1908	1,436	721	1,035,438	2,440,639
1909	1,503	658	988,324	2,473,205
Avg. 1900-1909	1,340	613	827,582	2,058,917
% Inc. or Dec. 1909 over 1899	+61.8	+16.9	+89.0	+88.3
% Inc. or Dec. 1900-1909 avg. per yr. compared with 1895-1899 avg. per yr.	+58.0	+8.3	+72.6	+74.2
1910	1,699	673	1,143,725	2,812,142
1911	1,670	724	1,208,466	2,852,855
1912	1,716	730	1,252,348	2,906,416
1913	1,815	757	1,373,831	3,193,118
1914	1,710	808	1,381,117	3,127,730
1915	1,548	825	1,277,663	2,956,193
1916	1,701	886	1,506,961	3,691,065
1917	1,786	998	1,782,965	4,115,413
1918	1,892	1,409	2,665,013	4,985,290
1919	1,960	1,478	2,897,769	5,250,420
Avg. 1910-1919	1,750	929	1,648,986	3,589,064
% Inc. or Dec. 1919 over 1909	+30.4	+124.6	+193.2	+112.3
% Inc. or Dec. 1910-1919 avg. per yr. compared with 1900-1909 avg. per yr.	+30.6	+51.5	+99.3	+74.3
1920	2,023	1,820	3,681,801	6,178,438
1921	1,660	1,666	2,765,218	5,516,598
1922	1,627	1,623	2,640,817	5,559,093
1923	1,858	1,617	3,004,072	6,289,580
1924	1,751	1,613	2,825,775	5,921,496
1925	1,744	1,640	2,860,600	6,122,510
1926	1,779	1,656	2,946,114	6,382,940
1927	1,735	1,677	2,910,183	6,136,300
1928	1,656	1,706	2,826,590	6,111,736
1929	1,661	1,744	2,896,566	6,279,521
Avg. 1920-1929	1,749	1,676	2,935,774	6,049,821
% Inc. or Dec. 1929 over 1919	-15.3	+18.0	.....	+19.6
% Inc. or Dec. 1920-1929 avg. per yr. compared with 1910-1919 avg. per yr.	....	+80.4	+78.0	+68.6
1930	1,488	1,714	2,550,789	5,281,197
1931	1,259	1,664	2,094,994	4,188,343
1932	1,032	1,466	1,512,816	3,126,760
1933	971	1,445	1,403,841	3,095,404
1934	1,008	1,508	1,519,352	3,271,567
1935	994	1,653	1,643,879	3,451,929
1936	1,066	1,735	1,848,636	4,052,734
1937	1,115	1,781	1,985,447	4,166,069
1938	939	1,859	1,746,141	3,565,491
1939	988	1,886	1,863,334	3,995,004
Avg. 1930-1939	1,086	1,671	1,816,923	3,819,450
% Inc. or Dec. 1939 over 1929	-40.5	+8.1	-35.6	-36.4
% Inc. or Dec. 1930-1939 avg. per yr. compared with 1920-1929 avg. per yr.	-37.9	....	-38.1	-36.9

Wage Rise in '30's Smallest Yet

The very large advances made in average annual pay in 1918, 1919 and 1920 were followed by reductions until 1925; but there then began increases as a result of which average annual pay in entire decade ending with 1929 was 80 per cent higher than in the preceding decade and average pay in the year 1929 was 18 per cent higher than in 1919, the last year of government operation. Finally, in the decade ending with 1939 there were again, as in the decades ending with 1909 and 1929, both declines and advances. What, then, were the net results of these changes? Well, in the **entire decade ending with 1939** average annual pay of $1,671 was slightly **less** than average annual pay of $1,676 in the **entire decade ending with 1929**—the decade ending with 1939 being **the only one in the last forty years when average pay was not from 8 to 80 per cent more than in the entire preceding decade.** Furthermore, in 1939, at the end of the last decade, the average was only 8 per cent higher than in 1929, as compared with an increase, as already shown, of 18 per cent in 1929 over 1919; of 125 per cent in 1919 over 1909; and of 8⅓ per cent in 1909 over 1899.

Small Wage Increases, Large Job Losses

To state the matter otherwise, the advance in railway employees' average annual pay in the thirty-five years 1895 to 1929, inclusive, was 207 per cent, or about 6 per cent a year; in the decade ending with 1939, of which seven years were under the New Deal, it was only 8 per cent, or about ⅘ of 1 per cent a year; and railway employees are expected to be so grateful to the New Deal administration for an advance averaging relatively about **one-eighth** as much per year as the advances they secured during the preceding thirty-five years, that they will vote unanimously for a third term for the New Deal.

The data in the table upon which we have thus far commented relate only to railway personnel that has actually been employed and paid. There are other data in the table that are even more significant. They show that the advance of 8.3 per cent in the average annual pay of railway employees in the entire decade ending with 1909, as compared with the five years ending with 1899, was accompanied by increases of 58 per cent in the average number of employees and of 73 per cent in the average annual payroll. They

show that the increase of 51½ per cent in average pay in the entire decade ending with 1919, as compared with the decade ending with 1909, was accompanied by **increases** of 31 per cent in the average number of persons employed and of 99 per cent in the average annual payroll. They show that the increase of 80.4 per cent in average annual compensation in the entire decade ending with 1929 as compared with the decade ending with 1919, while accompanied by neither an increase nor decrease in the average number of employees, was accompanied by an **increase** of 78 per cent in the average annual payroll. And finally they show that the small **decline** in the average annual wage paid in the entire decade ending with 1939 as compared with that ending with 1929 was accompanied by a **decrease** of 663,000, or 38 per cent, in the average number of employees and by a **decrease** of more than 1 billion dollars, or 38 per cent, in the average annual payroll.

This was the first time in the history of the railways of the United States when the amount of wages they paid in an entire decade was less than in **any** preceding decade. Their payroll averaged 480 million dollars a year in the five years ending with 1899; 828 million in the ten years ending with 1909; 1 billion 649 million in the ten years ending with 1919; 2 billion 936 million in the ten years ending with 1929—and only 1 billion 817 million in the ten years ending with 1939. Furthermore, in 1939, the **seventh year** that the New Deal had been in power, it was still **800 million dollars less than in any year from 1917 to 1931.**

R. R. Poverty Injures Employees

Now, there is no disputing that the New Deal administration helped railway employees get the advances in wages they secured beginning in 1934—or that the

A New Law for Rate-Making?

It is the belief of several competent observers that Congress, by the enactment of the Transportation Act of 1940, has made obligatory the policies with respect to competitive rate-making which have been set forth in this space for the past 21 months. If anyone has evidence to the contrary, we should be glad to publish it.

As to the evidence that these policies *are* obligatory, there has been called to our attention the explanations which one of the co-authors of the law, Senator Wheeler, Chairman of the Senate Committee on Interstate Commerce, had inserted in the Congressional Record. He inserted these because he believed they would be helpful to the Interstate Commerce Commission in interpreting the various provisions of the Act. Among the explanations inserted were:

> "It has been argued by certain opponents of this legislation that the regulation of water carriers will be seized upon by the railroads as an opportunity to force up the rates of water carriers and thus drive traffic to the rails. The Senate bill contained a number of provisions negativing any such idea, which have been included in the conference substitute.
>
> "For example, in each of the rate-making rules, in Parts I, II, and III, the Commission is required, in exercising its power to prescribe reasonable rates, to consider, among other things, 'the effect of rates on the movement of traffic.' Following the theory of section 30 of the Senate bill, each of these rules has been amended in the conference substitute so that the Commission will consider 'the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed.' Thus in a water-carrier-rate case, the Commission is not to consider the effect of the water carrier rates prescribed on the movement of traffic by railroad. These rate-making rules will be found in sections 10 (e), 22 (d), and 307 (f) of the bill before the Senate."

If the Senator is right (and who should know the intended meaning of this language better than the author), it would seem to leave no alternative to the Commission but to permit the establishment by any form of transportation of rates which are compensatory to that particular form of transportation, without regard to their effect upon any other form of transportation.

Of course, the provision with respect to discrimination against persons and localities remains in each part of the law, but, when we consider that it has consistently been held that those who are unable to produce the character of competition that caused the establishment of the competitive rates in question should not be heard to say that they are prejudiced, it seems that any form of transportation may make any rate that it chooses, so long as it is compensatory and does not cast an undue burden upon that form of transportation.

If this is the correct interpretation, does it not clarify the law and narrow the objections that may lawfully be raised in such cases by competing forms of transportation to the simple question of adequate remuneration for the service performed?

Would it not be the fairest and most democratic way to control the development of transportation facilities, if each competing agency were required to give due heed of its ability to produce economical service by giving the public the benefit of the economies and other attractions that are inherent in its branch of the industry?

Would not this approach be in the public interest, and tend to produce a sound and economical system of national transportation? As frequently stated in this space, we are not trying to further *a particular* answer to this question, but we are trying to promote the discovery of the *right* answer. If anyone has one which seems better than those which have been set forth here, we should welcome the opportunity to publish it.

Railway Age opposed these advances. Why, then, does this paper now call attention to the fact that the net advance in the average wage in 1939 over 1929 was abnormally small? The reason why the advance was abnormally small, and why this paper opposed any advance, is indicated by the statistics given in the last column of the table. They show that gross earnings averaged 74 per cent more annually in the decade ending with 1909 than in the five years ending with 1899; 74 per cent again more in the decade ending with 1919 than in the decade ending with 1909; 69 per cent more in the decade ending with 1929 than in the decade ending with 1919—and 37 per cent **less** in the decade ending with 1939 than in that ending with 1929. It was the lack of gross earnings with which to pay higher wages that caused the *Railway Age* to oppose the advances made during the last decade and that also caused the net advance in 1939 over 1929 to be abnormally small. But railway gross earnings had declined for short periods before. They were less in both 1908 and 1909 than in 1907; less in both 1914 and 1915 than in 1913; less in both 1921 and 1922 than in 1920; less in 1924 than in 1923; and less in 1927, 1928 and 1929 than in 1926. Why, after they had declined in 1930, 1931, 1932 and 1933, did they not increase to new high levels, as they almost invariably soon did after all previous declines? There were two reasons—one being the great increase in unregulated and subsidized competition of other carriers with the railways, and the other being the New Deal under which there has been more legislation favorable to the railways than during any previous period, but under which there has also been more government money spent to increase competition with the railways and more done by government tending to prevent a revival of production and commerce, and consequently of traffic, than ever before.

The New Deal Poorhouse

The record shows (1) that the advance in the average wage of persons employed by the railways has been abnormally small during the last decade of which more than seven years has been under the New Deal; (2) that there has been a wholly unprecedented decline in the average number of persons employed by the railroads—the number in the New Deal years 1933, 1935, 1938 and 1939 having actually been less than in 1932; that during the last decade there has been an entirely unprecedented decline in the annual railway payroll, this decline averaging more than 1 billion dollars a year; (4) that the foregoing developments have been due to railway gross earnings persistently remaining about 2 billion dollars annually **less** than during the decade ending with 1929; and (5) that each and every one of these developments and conditions has been principally due, directly or indirectly, to policies which the New Deal began adopting in the spring of 1933, when recovery already had commenced, and which it has persisted in following ever since.

We submit to the more than 1 million railway employees in this country, and to the additional one-half million who would be employed by the railways if business had normally recovered, that there is hardly one single important fact in this record which could by any stretch of the imagination be tortured into a reason why any present railway employee, past railway employee or would-be railway employee should vote for continuance of the New Deal.

Crossties—Anticipating 1941 Requirements

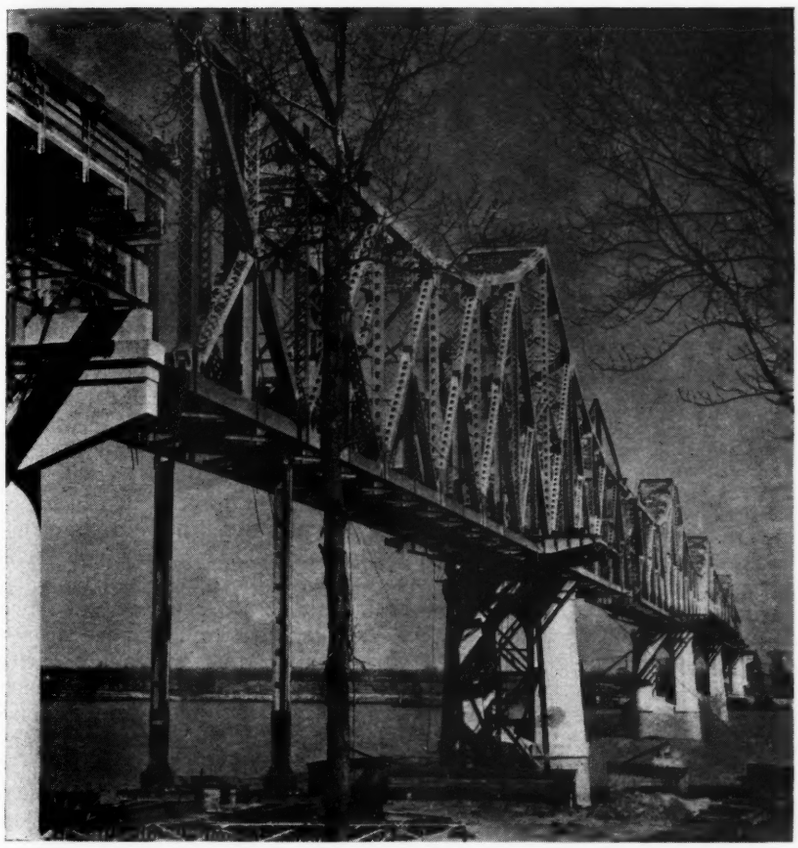
For some weeks a number of the more forehanded railways have been anticipating their requirements for rails for 1941 by placing their orders for these needs with the mills, in this way being assured that their orders will not be blocked by defense requirements. Of no less importance to the railways is the necessity for anticipating their 1941 requirements for crossties.

The difficulty here arises in part only from defense activities, but it is just as acute. It is due in part to the demoralization of labor in many tie-producing areas as a result of public relief administration; it is due also in part to the reduced scale of operations that has been in effect during recent years as a result of decreased purchases. Also, the greatly increased demand for lumber, which has within the last few weeks approached runaway proportions, is now diverting much of the timber that would normally go into ties.

This condition is arising at a time when the railways are facing increased maintenance requirements and the necessity for re-tieing and restoring to service tracks that have long been idle. They are also being called upon to build many tracks for industries and munition plants which, in the aggregate, are requiring many ties. Already these requirements have practically exhausted the supply of dry ties and the program of industrial track construction is scarcely started.

The danger in this situation lies in the fact that ties cannot be produced, seasoned and treated in a day; on the contrary, these operations require six months to a year or more; and experience has shown that any reduction in this period leads to danger of serious deterioration of the product. Also, it has been the experience in past periods of tie shortage that competition becomes acute, inspection standards are lowered and ties are accepted of qualities that, at other times, would be unacceptable.

The railways have made much progress in raising the quality of the crossties purchased in recent years; in fact, this improvement has been outstanding. It is to be hoped that they will now recognize the importance of anticipating their requirements as fully as may be possible in order that producers may have the maximum time in which to produce and prepare their ties and in order that the abuses inherent in competition for an insufficient supply may be reduced to the minimum.



This $8,000,000 Railway-Highway Bridge Over the Mississippi at Baton Rouge, La., Put in Service in August, is the Outstanding New Bridge of the Year

Intensive three-day meeting in Chicago, October 15-17, hears five addresses and considers eight reports, keyed to present-day problems of bridge, building, and water service officers. Views exhibit of equipment and materials

Part I

Bridge and Building Association Holds Active Convention

MEETING for the forty-seventh time, the American Railway Bridge and Building Association held a highly successful convention in Chicago on October 15-17, with 239 railway men in attendance, and an intensive program which included five addresses, the presentation of eight committee reports, one evening session, an annual luncheon, an annual banquet and a visit to a system storehouse. It was a meeting characterized by a program designed to meet the many new problems which are being confronted by railway bridge, building and water service men in these days of fundamental changes in train operation and strictest economy in maintenance, and, as such, provoked great interest and discussion throughout all of its sessions. The meeting was held at the Hotel Stevens, and was supplemented by an exhibit of bridge, building and water service equipment and materials, presented by the Bridge and Building Supply Men's Association, as noted in the news columns of this issue.

The convention was opened by C. E. Johnston, chairman, Western Association of Railway Executives, who welcomed the association to Chicago and urged its members to guard jealously the fundamental principles of free enterprise upon which this country was founded and under which it has so long prospered. Other addresses were made by Otto Kuhler, consulting designer, New York, on Streamlining the Smaller Passenger Stations, and by H. R. Duncan, superintendent of timber preservation, Chicago, Burlington & Quincy, who spoke on How Bridge and Building Officers Can Co-operate with the Purchasing and Stores Department in Protecting Their Material Requirements. Technical reports were presented on the Mechanization of Bridge and Building Forces; the Detection and Elimination of Termites in Railway Structures; the Inspection of Buildings to Formulate the Maintenance Program; Protecting Steel Structures From Severe Corrosion; the Repair and Renewal of Ballasted-Deck Bridges; the Adjustment of Locomotive Watering Facilities to Larger Tenders and High-Speed Trains; the Heating of Locomotive Terminal and Shop Buildings; and the Storage and Delivery of Bridge and Building Materials.

Special features of the program included an evening session on Tuesday, at which Geo. W. Rear, bridge engineer, Pacific lines, Southern Pacific, presented an illustrated talk on The Bridges on the Shasta Line Diversion of the Southern Pacific; the annual luncheon on Wednesday, with 212 members and guests in attendance, who were addressed by Bruce E. Dwinell, general counsel, Chicago, Rock Island & Pacific; the annual joint

dinner with the Bridge and Building Supply Men's Association on Wednesday night, which was attended by 183; and a trip to the system storehouse of the Chicago, Burlington & Quincy at Aurora, Ill., and to its reclamation plant at Eola, Ill., on Thursday afternoon, where members were given an opportuntiy to observe the manner in which materials of interest to them are handled at these points. Still another feature of the program was a period set aside in the session on Wednesday afternoon to honor the memory of the long-time secretary of the association, C. A. Lichty, who died on April 18. Lending support to the association, three committees of the American Railway Engineering Association, and the Executive committee of the American Wood Preservers' Association, held meetings in Chicago during the days of the convention. The A. R. E. A. committees which met were those on Wood Bridges and Trestles, Buildings and Wood Preservation.

In the election of officers for the ensuing year, H. M. Church, general supervisor bridges and buildings, Chesapeake & Ohio, Richmond, Va., was advanced from second vice-president to president; R. E. Dove, assistant engineer, Chicago, Milwaukee, St. Paul & Pacific, Chicago, was advanced from third vice-president to first vice-president; F. H. Soothill, chief estimator, Illinois Central, Chicago, was advanced from fourth vice-president to second vice-president; G. S. Crites, division engineer, Baltimore & Ohio, Punxsutawney, Pa., was elected third vice-president; and A. M. Knowles, assistant engineer structures, Erie, Cleveland, Ohio, and a director of the association, was elected fourth vice-president. F. O. Whiteman, Chicago, and F. E. Wiese, chief clerk to the chief engineer, Chicago, Milwaukee, St. Paul & Pacific, Chicago, who were appointed secretary and treasurer, respectively, during the year by the Executive committee to fill the vacancies created by the death of C. A. Lichty, who had held both positions, were elected secretary and treasurer, respectively.

Three new directors were also elected to serve a term of two years: R. E. Caudle, assistant engineer structures, Missouri Pacific Lines, Houston, Tex.; I. A. Moore, supervisor bridges and buildings, Chicago & Eastern Illinois, Danville, Ill.; and W. A. Sweet, general foreman bridges and buildings, Atchison, Topeka & Santa Fe, Newton, Kan. In addition, Neal D. Howard, engineering editor, *Railway Age,* Chicago, was elected a director for a term of one year, to fill the vacancy created by the advancement of Mr. Knowles to fourth vice-president.

The secretary's report showed 610 members of the association in good standing, 56 of whom had joined during the year. Chicago was selected as the convention city for 1941, and the following eight subjects were selected for study by committees during the year: Possibilities of Off-Track Equipment in Bridge Construction and Maintenance; the Maintenance and Repair of Bridge and Building Work Equipment; Protection of Bridges and Roadway from River Bank Erosion; Welding in Water Service; Wearing Surfaces for Building Floors, Platforms and Roadways; Modernizing Small Stations to Meet Present-Day Requirements; Efficient Methods of Transporting Bridge and Building and Water Service Gangs; and Recent Developments in Paint Removal.

Abstracts of the addresses by Messrs. Johnston and Dwinell, as well as the remarks of Geo. S. Fanning, president of the American Railway Engineering Association, and J. J. Clutz, president of the Roadmasters' and Maintenance of Way Association, in bringing greetings from their associations to the convention, and the reports of three committees, follow.

Abstracts of the addresses by H. R. Duncan, and the five remaining committee reports will appear in the issue for next week, while abstracts of the addresses by Mr. Kuhler and Mr. Rear will appear in later issues.

C. E. Johnston Discusses Broad Railway Problems

The opening session of the convention was addressed by C. E. Johnston, chairman, Western Association of Railway Executives, who expressed his high regard for and confidence in the work of the association in its specific field, but who urged upon its members their larger responsibility as citizens to protect the fundamental principles of free enterprise and to help ward off the threat of government ownership of the railways and the unreasonable demands of labor groups.

"We are living in an altogether different world today as compared with 25 or 30 years ago," he said, "but this does not mean—this cannot mean that we are to substitute fundamentals which will change entirely the American way of life, without jeopardizing our very liberty and freedom. We all know well that we do not long get something for nothing; that we cannot spend ourselves out of debt; and that we cannot expect much unless we work for it. Still," he continued, "we sit complacently by day after day and watch our politicians operate in a fashion that cannot but ultimately cause a serious change in, if not wholly destroy, our American way of life, as handed down by our forefathers. Perhaps we have had some reason for a defeatist attitude during certain periods of the depression years since 1929, but this country wasn't built upon defeatism, nor were our railroads built and improved by defeatists."

Mr. Johnston deplored the socialistic trend in this country and called for greater unity of purpose between management and employees. "The character of the relationship between these forces," he said, "spells success or failure, profit or loss, peace or turmoil. We need not only unity in organization, but unity in purpose. "Sad to relate," he continued, "we have those in our ranks, who, by their acts or sympathies with outside forces, seek, knowingly or otherwise, to destroy the fundamentals of free enterprise. This is disloyalty in its worst form, not only to our industry, but also to our republic.

"Organized labor in its true sense means organization for mutual co-operative benefit. We certainly have no quarrel about collective bargaining. We agree that labor should have every consideration in the way of satisfactory working conditions and rates of pay. As a matter of fact, we spend much time and thought to bring about all of these advantages in favor of labor. This done, we may reasonably expect a fair measure of return in loyalty and effort, which, in itself, brings harmony and best results. We are strongly opposed to the operation of labor unions for the benefit of unscrupulous racketeers who promote strife in their own self interest, at the expense of their members."

Cautioning his listeners that the railways are constantly confronted with the threat of government ownership and operations, Mr. Johnston cited at some length the unfavorable situation that has prevailed on the National Railways of Mexico since 1937, when the Mexican government expropriated the National Railways of Mexico and turned their management over to the labor unions. "Not-with-standing the fact that the Mexican government owns the railways (approximately 8,400 miles)," he said, "which I assume means no payment of taxes or interest on investments, the total deficit from operations alone for less than the three-year period up to February 15, 1940, which must be paid out of the public

treasury, was 23,000,000 pesos (approximately $4,700,000)."

Continuing, Mr. Johnston pointed out that the railway situation in Mexico finally reached such a state that President Cardenas, favorable as he has been to the socialization program pursued so vigorously by his administration, and the general manager of the Labor administration, in charge of the railway lines, demanded reforms in the interest of increased economy and efficiency of operation, saying that if these essential steps were not taken soon, the federal government will resume direct operation of the lines.

"This brings home to us," he said, "what could happen here in this country under government ownership. Even if the management of our railways were not turned over directly to the labor unions, the administration would most likely be political, and with similar results as to deficits of operation." In closing his address, Mr. Johnston said, "Our railroad system was built upon the foundation of freedom, under one 'ism'—that is, 'Americanism'. We cannot understand, nor do we desire to understand, the meaning of all the other 'isms' when applied to America."

Other Associations Extend Greetings

Bringing greetings from the American Railway Engineering Association, Geo. S. Fanning, its president, and chief engineer of the Erie, paid particular tribute to the non-technical "artisans" in bridge work, attributing to them many of the marked advances which have been made in bridge design and construction throughout the year. "Representing an engineering body," he said, "I want to pay particular respect to the men who are not engineers. I want to tell you how much the engineers appreciate the loyal support and co-operation that we get from you supervisors and your foremen, and other practical men in the field. We lean on you, and we lean very heavily. Your organization is a specialized one, dealing with bridges and buildings, and through it you do something that needs to be done in that you bring the engineer in close fellowship with supervisors, master carpenters, master masons and foremen, whom I might call the 'artisans' in bridge and building work. All meet here to discuss their common problems."

Turning to the broader responsibilities of bridge and building men, Mr. Fanning said that beautiful as bridges may be in themselves, they are worthless except as they carry highways and railways—the arteries of traffic—which, through the years have been the means of communication between different parts of the world and, as such, have really been the foundation upon which civilization has been built. He urged members of the association to "expend your thoughts beyond the bridge—first, to the problems of the railways as a whole, and second, to the pressing problems of civilization today."

J. J. Clutz, president of the Roadmasters' and Maintenance of Way Association, and division engineer of the Pennsylvania, brought greetings from his association and commended to both associations a continuation of their close co-operation and constructive work, which, he pointed out, has existed for nearly 50 years. Urging the greatest activity of members during the convention, and especially free and frank discussion of the committee reports, Mr. Clutz said that only in this way are ideas communicated to others, ideas which would otherwise remain locked up in individual minds. If there is a free sharing of experiences, he said, "the objective of the association is realized, and you go back to your job stimulated in mind, refreshed in ideas, and better able to carry on your work efficiently and economically because of what you have learned."

President's Address

In his annual address, President Bechtelheimer spoke of the great value of the association's work, and urged not only greater activity on the part of its members, but also a more intensive drive for new members to the end that more bridge and building men, and the roads which they represent, can enjoy the benefits available through participation in the work of the association. He also spoke of the close co-operation that has existed with the American Railway Engineering Association and the Roadmasters' and Maintenance of Way Association, and expressed particular gratitude for the helpful attitude of railway managements toward the association's activities. In this latter regard, he said, in part as follows:

"Our relations with railway managements have brought us to a better understanding of their attitude with respect to association work. The executive officers of many roads have disclosed a very keen and kindly interest in the work we are doing and have shown that they recognize that conscientious effort on our part in the study and solution of our problems will be of great benefit and value to us and to the railways. It is my opinion that this friendly spirit of encouragement and co-operation will continue as long as we are able to show by our earnest attention to these matters that we can accomplish things of real value to ourselves and to the railways which we represent."

At another point in his address, Mr. Bechtelheimer expressed particular appreciation of the 134 men who volunteered for committee work during the year, saying, "You have done a splendid job at a sacrifice of many hours from your work and from your relaxation time." Then, continuing, he said, "Have you ever wondered why men do these things?—they do them because they are rewarded by the joy of finishing a job once started; by the satisfaction gained in accomplishment; by the benefits derived from increased knowledge and experience; and by the satisfaction gained from enlarged acquaintance. They know the value of association work in helping men to be alert in fact-gathering, active in efforts for improvements; and aggressive in meeting new situations."

Bruce Dwinell Sees Foremen the Key to Many Problems

In his address before the annual luncheon on Wednesday, Bruce E. Dwinell, general counsel, Chicago, Rock Island & Pacific, said that the salvation of the railways today rests upon better labor relations, increased efficiency and decreased costs, and to bring these conditions about, he laid much of the responsibility upon those who select and train foremen. After tracing the rapid political, economic and technological developments in the United States since Revolutionary days, and pointing out the increased uncertainties which these changes have brought about through increased competition, increased taxes, increased wages and increased commodity prices, he said, in part as follows:

"I do not say that you can do anything about increased taxes. I do not say that there is anything that you can do about the diversion of traffic incident to the motor truck on the highways, but in your hands, and in the hands of men who are occupying positions like yours, lies the answer to at least the problem of increased

costs, no matter what they may be. The salvation of the American railroads lies in just one thing—increased efficiency at decreased cost. If the American railroads cannot solve this problem, it cannot be said that our future is very long.

"The problems that have confronted the railways are also confronting our competitors. They, likewise, are confronted with the problem of higher taxes. Eventually, their tax bill will equal ours. They are confronted with the problem of increased wage costs, which has been one of the unfair things that we have been compelled to face in the last few years. Just as scientific advancement has injured us, we may expect that scientific advancement in the future may injure them also, so that a part of our burden will be taken away from us by the equalization of competitive conditions.

"But even if this comes about, there still remains for us to face the questions of how we are to decrease our costs and are to cope with our labor problems. One thing is certain, and that is, if we are to survive, we must deal more and more intelligently with the labor problem. One of the difficulties which you men face in your handling of labor is the fact that the territories over which you have jurisdiction are vast in extent. Our railroads cover large territories and they have employed upon them men who are scattered over the entire system. This makes the problem of supervision extremely difficult.

"You men who are in charge cannot give to the individual labor problem as it arises the individual attention which it deserves. You must delegate your authority, and in the delegation of that authority lies much of our hope for the future. The man who has contact with labor is the man who actually works with labor—your foreman. Your employees know your railroad by knowing your foreman. If he is a good foreman, your railroad to them is a good railroad; if he is a bad foreman, your railroad is a bad railroad, at least insofar as that man is concerned.

"It is necessary, therefore, that this foreman be a certain kind of man. A really excellent foreman has to have two qualities. One is technical knowledge of his subject, and the other is the ability to handle men. Of the two, the first is of the least importance initially. Given a certain aptitude, a certain ability, and a willingness to work, men can become technically proficient, but the ability to handle men is something that is born in a man. He either has it or he hasn't it. It cannot be cultivated. It requires honesty of purpose; it requires a knowledge of human nature; and it requires an intense desire to be fair and square. But a man can have all of these qualities and still not be a perfect boss. It takes something of a spark to make him right. So I say that the first thing for you men to do in the handling of your labor problems is to see that you have the right foreman, and that he can handle his men. If he can do that, many of the causes of complaint, which often ripen into real controversies, can be avoided.

"Great advances have been made in the scientific maintenance of bridges, buildings and track since 1916, when, for the first time, the wage rate on the railways began to rise, and it has only been by intensive mechanization that the railroads have been able to keep up with the subsequent rising wage rate, which has been accompanied by rising costs of materials. It is unnecessary for me to go into all of the details of the new machines that have been adopted, and of all of the methods which have been perfected, but I do want to say that only through the utilization of every sort of knowledge, of every sort of device, and of every sort of improvement in operation by you men and others occupying positions of like character, can our operating costs be reduced and the railroads maintain their place in the sun."

The Heating of Locomotive Terminal and Shop Buildings

As the result of its study of the most effective and economical methods of heating locomotive terminal and shop buildings, a committee, of which I. A. Moore, supervisor of bridges and buildings, Chicago & Eastern Illinois, was chairman, made numerous recommendations relative to the installation of modern heating systems, designed to overcome the disadvantages of earlier types of systems and to bring about as nearly ideal working conditions as possible. At the outset of its report, the committee cautioned that each part of the entire heating system, from the central plant to the smallest local unit, must be designed for the specific service it is to perform and must be properly equipped with valves, traps, vents, expansion joints and other specialties to insure a proper and balanced installation. In the case of new buildings, it said that the design and construction of the building should aim at the minimum loss of heat consistent with reasonable cost. Only after fair consideration of all factors, including both the physical condition of the building and the type of heating system to be used, it emphasized, can one plan an economical and properly designed heating installation. In modernizing old installations, it said, consideration should likewise be given first to the building to eliminate all heat losses possible. This should be followed by a study of all details of the existing heating system, always keeping in mind that the extent to which the modernization of the heating plant can be justified depends upon the probable life and value of the building to the railroad.

Continuing its report, the committee discussed various details of heating systems, including interior and exterior piping, pipe tunnels and radiation, and then described blast heating and heating by unit heaters, both of which methods it found well adapted for most types of terminal and shop buildings. The blast heating system, which consists of banks of cast iron radiators or pipe coils, a motor- or steam-driven ventilating fan, and a duct system for carrying the heated air to the various parts of the building to be heated, the committee said, is a vast improvement over the pipe-coil or radiation system of heating, especially for enginehouses.

The advent of unit heaters, according to the committee, marked an advance in methods of heating, not only providing better distribution of heat, but also effecting a decided reduction in the cost of heating. Concerning this type of heating system, it said, in part as follows:

"There are three main types of unit heaters—projection, propeller and blower. Each type has its particular use; however, the type used most commonly is the propeller unit. It is the accepted practice to suspend such heaters from the roof supports or columns, usually somewhere near the outside walls, depending upon the type of structure to be heated and the best location of the heaters for supplying heat to the areas where it is most needed.

"Unit heater installations require much less piping, fittings and valves than a comparable amount of cast iron or pipe coil radiators, based on the heat output from each facility. They occupy much less space and, in a suspended position, require no floor space at all. They can be fitted with thermostatic controls, which provide means for effecting economies in steam consumption. However, it is the usual practice to provide push-button control for each heater. With such control, only those

units that are required need be placed in operation. Unit heaters may be operated during the summer months for circulating air in the building."

Closing its report, the committee offered the following conclusions:

"Heating installations of any magnitude should be developed from studies made by competent engineers. Heat losses in buildings, the amount and proper location of heating units, proper pipe sizes, expansion joints and other details, are all matters of design.

"The main supply lines should be thoroughly insulated, and where exposed to the action of the weather, waterproof covering must be provided to protect the insulation. Welded joints are preferable to screwed or flanged connections for pipe sizes of two-in. diameter and over.

"In the replacement of pipe coil radiation, careful consideration should be given to the use of unit heaters from the standpoints of low first cost and efficiency of operation.

"The primary purpose of a heating system is to maintain temperatures that will permit the occupants of a building to work in comfort; failure in this causes loss of time and efficiency."

Discussion

The discussion of this report dealt largely with the efficiency of, and the advantages derived from the use of unit heaters. It was brought out that in localities where gas is cheap, gas-burning unit heaters are particularly economical. It was generally agreed that unit heaters provide more efficient and satisfactory heating than older forms of radiation, and that they are less costly to install and maintain.

The Mechanization of Bridge and Building Forces

The report on this subject, presented by a committee of which M. H. Dick, eastern engineering editor, *Railway Age*, was chairman, was the result of a study of present practices on the railways with regard to the use of power tools and equipment by bridge and building forces, the needs of these forces for further equipment, and trends in force reorganizations to utilize this equipment to the greatest advantage. After naming many of the power tools and units of equipment with which the bridge and building forces of many roads are now equipped, the committee said that the trend toward the mechanization of bridge and building forces has been given a decided impetus in recent years not alone by the introduction of many new types of tools, especially of the small portable type, but also because of the rising trend of wages and the necessity for reducing the unit costs of performing bridge and building work to a minimum.

Concerning the advantages of power tools in bridge and building work, the committee said, in part as follows:

"Obviously, the primary objective in the use of power equipment is to reduce costs, but mechanization also has other important advantages over hand methods. For example, it is generally agreed that the quality of the work performed by mechanical means is better and more uniform than that done by hand. Moreover, with the aid of mechanized equipment, renewal or repair projects can be completed in a fraction of the time that would otherwise be required, thereby reducing the duration of slow orders and resulting in less interference with traffic. Furthermore, there is reason to believe that the use of power equipment results in a reduction in the number of personal injuries. Tests conducted with various power tools have repeatedly demonstrated their economy as compared with hand methods."

In any consideration of the use of power tools, the committee said, it is necessary to study how they are to be incorporated into the bridge and building department as a whole in order to realize the maximum return on the investment made in the tools. It pointed out that this requires consideration of such questions as the extent to which a road is justified in equipping individual gangs with mechanized equipment; the degree to which such machines should be held at central locations and assigned to individual gangs as needed; and the changes necessary in the organization of individual gangs and of the bridge and building department as a whole to insure that advantage will be taken of the maximum possibilities offered by the equipment provided.

The committee found that there is wide variation in the extent to which the different railways have mechanized their bridge and building forces, and that the majority of the roads questioned want more equipment of the types now available and have need for certain types of equipment that is not available. Concerning the methods of assigning equipment to forces, it also found a wide variation in practice. It pointed out that at one extreme are those roads that centralize all power tools, assigning them to individual gangs only as needed, while at the other extreme are those companies that have found it advisable to furnish each gang with complete sets of certain power tools, centralizing only the larger and more expensive machines.

In discussing the organization of forces on different roads for various classes of work, the committee said that most roads have found it advisable from time to time to organize special gangs for performing large-scale tasks, such as deck-renewal jobs on important bridges, and, almost invariably, have found it advisable to equip such gangs with a full complement of power tools. It cited an example of the renewal of the deck of a long viaduct by such a gang, employing power tools, and said that this work, which cost $28,000, was completed in one-quarter of the time that would have been required by using hand methods, and with a saving of $4,000 as the result of the use of power tools.

Continuing its report, the committee stressed the importance of carefully programming work operations to secure the most effective results and the greatest return upon the investment in equipment, and then discussed certain specific types of equipment not now available for which bridge and building men have expressed a need. In closing its report, it said:

"It is the conclusion of this committee that the mechanization of bridge and building forces in accordance with sound practices not only increases their efficiency and results in substantial savings, but also tends to enhance the standard of workmanship, to promote safety and to shorten the time required to complete specific projects, thereby reducing interference with train operation."

Adjusting Locomotive Water Facilities to Present Conditions

This report, presented by a committee of which W. G. Powrie, engineer water service, Chicago, Milwaukee, St. Paul & Pacific, was chairman, comprised a discussion of the new problems presented to the water service departments of the railways as the result of the speeding up of train schedules, larger power, larger tenders and longer engine runs, and of ways to deal with these problems. Possibly the greatest problem which has confronted the water service department, according to the

committee, has been that brought about by the use of larger locomotive tenders, which has eliminated the necessity for taking water at many wayside stations and has thus thrown an increased load on the terminal facilities. In many instances, it said, wayside stations have been found no longer necessary, and several roads have reported that from 20 to 25 per cent of their water stations have been retired within the last 20 years. The committee recognized that where there is no longer justification for stations, they must be retired, but cautioned that retirement should be undertaken only after most careful study, because, it pointed out, in times of increased business or in cases of emergency, such as bad weather conditions or failure of the equipment at the regular water stations, these seemingly unimportant stations may become very important to the movement of trains.

Concerning the problem of increasing the available supply of water at water stations, the committee pointed out that this is not always a matter of increasing the storage capacity. Careful study, it said, may develop that the storage facilities are ample, but that the pumping equipment is too small or that some other factor is effecting a slow rate of delivery to the tank. In this connection, it cited a case where to increase the water supply at a station fed by water from a reservoir two miles away, a road had gone to considerable expense in erecting a larger tank and in enlarging much of the existing pipe line, only to find subsequently that the removal of the float valve in the top of the existing tank to allow the water to flow continually through the supply line, would have taken care of the requirements at the point in question.

Turning to the matter of water delivery to locomotives, the committee discussed the changes that have been necessary in water columns in order that they can serve the larger tenders, and then emphasized the problem of proper design and location of water stations to minimize the time required for water stops. In this latter regard, it pointed out that delays due to extra stops for water can some times be eliminated by relocating present facilities, or by providing additional facilities so that coal and water can be taken at the same time, or, in the case of passenger trains, so that water can be taken while the train is at the regular station stop. In further regard to the location of water facilities, the committee said that the question of blocking street and highway crossings by high-speed, through freight trains has become acute in many locations, and pointed out that to avoid this, some water stations have been located between towns where these freight trains can take water without blocking important crossings.

The committee did not overlook the important matter of keeping original costs for new and improved water facilities within bounds, but it cautioned that maintenance and operating costs should be given proper consideration in every instance. In cases where it is necessary to erect new storage tanks, it said, careful consideration should be given to the types of materials to be used and to proper design to insure the lowest possible future maintenance cost.

Turning to a discussion of the relative merits of modern and obsolete pumping equipment, the committee said, in part as follows:

"The replacement of obsolete pumping equipment with new modern equipment has often reduced maintenance and operating costs considerably. The newer types of equipment are much more efficient and lend themselves more readily for use with automatic controls, which, in turn, reduce operating costs. The savings effected by replacing cumbersome and worn-out piston pumps or deep-well pump jacks with modern electrically-driven centrifugal or turbine pumps, have often paid for the installation costs within two or three years."

Nickel Plate Gets Two Club-Lounge Cars

THE New York, Chicago & St. Louis recently placed in service between Chicago, Cleveland, Ohio, and Buffalo, N. Y., two club-lounge cars which were converted from cafe coaches. The cars, of all-steel construction built new in 1930, originally had two compartments in addition to the kitchen and pantry; a dining room seating 18, separated from a coach compartment, seating 36 passengers, by a bulkhead formed with a crew locker on one side and a beverage locker on the other and a single-acting hinged door in the center passageway. They were converted, modernized and air-conditioned at the Nickel Plate shops, Stony Island, Ill.

The original Commonwealth cast steel trucks with top equalizers, the underframe with Commonwealth steel platforms and fish-belly center sills and clasp brakes with U 12 BC valve, were modern enough to preclude the necessity for any major changes. However, the trucks were especially treated for sound deadening and insulation with metal covering was applied under the lounge-room sub-floor.

Seats, luggage racks, partitions and other equipment comprising the coach end were removed. Lockers in the center of the car at the dining room, and the coach partitions, were removed to a location between the pantry and the dining room and additional lockers and a conductor's desk were added at the same location. The windows affected were eliminated and additional windows provided on account of the removal of the lockers. Owing to the different arrangement of heating coils in the dining room and the former coach compartment, the coils were re-arranged for control from two wall thermostats rather than four. There is an independent floor coil in the kitchen passageway which is also thermostatically controlled. Vapor regulators are equipped with constant pressure valves.

To modernize the interior, concealed center ceiling ducts with Multivent draftless distribution are applied under the old paneled ceilings and new curved sheets are applied which extend from the perforated plates to the upper deck rails. The perforated plate and primary-secondary duct plates are hinged to permit cleaning. New lower deck sheets extend from the upper deck rail to the wall sheets replacing the paneled lower deck finish in the dining room and the curved Agasote finish in the coach compartment. Moldings removed are reapplied at sheet splices. New wall sheets are applied and the finish on the pier and sash panels is made to coincide in design.

The replacement of the paneled center ceilings, lower deck ceilings, and side walls with plain sheets has assured an interior in keeping, in appearance with construction employed in present-day new equipment.

Metal grilles with Lucite etched plastic panels separate the dining and lounge room. The dining room has conventional side-wall tables and light weight metal chairs upholstered in leather. Eighteen passengers can be seated. The lounge room has sofas and chairs finished in harmonizing and contrasting shades of mohair, providing seats for 21 passengers. Fixed and portable tables are installed, the latter having lamps to supplement the ceiling lights. However, the flush-type ceiling lights

Interior of the Nickel Plate Converted Club-lounge cars

located in the solid sheets between duct perforated plates and walls are sufficient in number and properly arranged and designed to give ample light at the reading plane at all seats. There is a desk and chair at the end of the lounge. The carpet is continuous from the lounge end door through the kitchen passageway.

The window shades, which are blue trimmed with gold are equipped with improved type fixtures with rubber inserts on the guides. The interiors, except the kitchens and pantries, are finished in three tones of grey. There are wall decorations on the lounge-room and walls. The end doors are equipped with push-and-pull locks and railroad-type door closers.

Kitchen ranges and other kitchen equipment have been repaired and improved and new drop ceilings applied in the kitchen to conceal the overhead tanks and pipes. These are equipped with hinged glass doors and lights so that the water level may be easily checked.

The kitchen and pantry floors, which originally were covered with sheet copper secured to wood slats embedded in composition over chanarch, have been replaced with solid composition floors over chanarch with copper gutters embedded therein. Portable metal mats completely cover the floor. Interiors are finished with French grey.

The cars are equipped with the Pullman type mechanical air-conditioning system with Frigidaire compressor. The overhead unit is installed over the passageway between the pantry and the dining room. The fresh air vertical intake is located in the upper deck with recirculating grill in the ceiling underneath the unit. A rectifier Underacar charger is connected so that power furnished to the air-conditioning receptacle can be used for charging the batteries.

The body exteriors are painted standard green DuLux. In addition to the name Nickel Plate Road on the letter board, the numbers 125 and 126 and the words Club Lounge are painted on the car sides in gold leaf. The vestibules are painted with exterior grey and the battery boxes, compressor boxes, trucks, etc., with standard green enamel.

* * *

Says Willkie Election Would Mean More Railroad Jobs

Mr. Speaker, railroad employees were paid $4,465,604,688 more in the 6 years 1927-32, preceding the New Deal, than they were in the first 6 years of the New Deal, 1933-38.

The Baltimore & Ohio Railroad established the first railroad-pension system way back in the "horse and buggy" days in 1884, during a Republican administration, while the present third-term candidate was in kindergarten.

Over 90 per cent of the Nation's railroad employees were covered by pensions prior to 1923, and over 50 railroad companies established pension systems during Republican administrations.

Why would a Republican President, Wendell Willkie, want to destroy what Republicans have worked for years to achieve for the railroad man?

A car foreman of the Pere Marquette Railroad says:

I remember what Government management did to the railroads in the last World War, and I am going to vote for Wendell Willkie because he knows that prosperity will come to the railroad man when Government encourages, rather than discourages, American business and industry.

More business means more production. More production means more carriers. More carriers means more railroad jobs. More railroad jobs mean more wages for the railroad man.

Wendell Willkie's life record shows that he believes in the legislative authority of Congress, that he keeps his promises, and that he gets things done.

Why listen to a whispering campaign? Why not cast your vote for Wendell Willkie, whose record is a matter of actual facts?

Extension of remarks of Hon. William H. Wheat of Illinois, in the House of Representatives, Monday, October 14, 1940.

Symposium on R. R. Reorganization

Duke University publishes discussion by 13 authorities on wide range of timely topics for bankrupt roads

RAILROAD reorganizations are going on, slowly but surely, on the most wholesale scale in the history of the industry. These reorganizations are taking place—or are planned—under a bankruptcy law which embodies many radical innovations, not all of them reassuring. To a very considerable degree, the future of the railroads is now being settled by lawyer-specialists—without the great body of railroad people having very much knowledge as to what is going on—despite the fact that the future of most persons in and around the railroad business will be greatly affected, for good or for evil, by the decisions and compromises with each other which the lawyers are making from day to day.

Meeting the need for more widespread knowledge of these important questions, a convenient, 178-page paper-bound book* has been issued by the School of Law of Duke University, containing articles by 13 specialists—most of them participants in detailed plans of railroad reorganization—covering almost every important phase of the questions involving bankrupt railroads which are now being discussed, or which have recently been decided. Many railroad people will find it to their interest to acquire the book itself, and to assimilate its contents. Hardly any railroad man will fail to find in such brief snap-shots of this remarkable symposium as are presented hereinafter, a great deal which will "hit him where he lives." That the thoroughness with which the Duke Law School has done this job of many-sided analysis has moved us to somewhat unusual length to publicize it, does not imply agreement with the views of all the authors—as will be clearly comprehended by the readers of that which follows.

Simpler Financial Structures Needed.—The complexities of railroad corporate financial structures are traced from their historic origins by John Barriger, chief railroad examiner for the Reconstruction Finance Corporation. The prevalence of leases in railroad corporate structures, the author points out, gives the parent company liabilities (and, possibly, assets as well) which the balance sheet does not disclose. This and other historical influences have given the average railroad a financial edifice whose true nature is not reflected by published reports and which is so "labyrinthine" that "the potential investor hardly dares to venture" into it without expert guidance.

These complexities are "hang-over devices," designed in times past by this or that group of property-owners to assure themselves a regular income for the future—but in any number of instances, such devices no longer serve that purpose; while they persist to plague the railroad's operations and to render difficult the adjustments needed to re-orient the property to new conditions of traffic and competition. Further carrier consolidation, with a parallel simplification of their financial structures, is advocated by Mr. Barriger (if we correctly interpret his rather cautious language) as an aid to the investor in two ways—so that he may have more accurate knowledge, without prolonged investigation, of what assets really support the securities he purchases; and so that the properties may be operated for rational economic ends, rather than as now so largely, having their economic functioning subordinated to the preservation of historic and legalistic curiosities.

How Sec. 77 Changed Things.—The highly refined torture of railroad reorganization under the old bankruptcy procedure is described by Warner Fuller, professor in the law school of Washington University. Initial receiverships, this author reminds us, covered only the property represented by a defaulted bond issue—and hence had the effect of dividing the property. In 1884, when a reorganization of the Wabash was begun, the company departed from precedent and itself filed a bill in equity, requesting the appointment of a receiver for the entire property. Subsequently this procedure was varied by having a friendly creditor institute proceedings—but, anyhow, the desired result was accomplished, i. e., the naming of one receiver (or receivers) for an entire property, so that unified management was continued during the period of insolvency.

The author describes the formation and the function of the various protective committees—and the custom of raising funds necessary to complete the reorganization by an assessment (usually underwritten) on junior creditor and equity interests. Under this method the court would establish an "upset" price, to prevent the old-security-owners who purchased the property under foreclosure from getting it at a ridiculously-low price. The property was duly sold under the hammer, and the new owners received it free of all claims which were junior to the foreclosed mortgages.

Then along came the decision in the Boyd case. This decision denied the right of bondholders of a company under foreclosure to make an agreement for the participation of stockholders in the new company, without also giving all other creditors an opportunity to participate on a fair and equitable basis. To plug this hole, says the author, the expedient was adopted of "inserting in the decree of foreclosure a provision that the sale would not be confirmed by the court unless, after hearing, it was satisfied that a fair and timely offer of participation had been made to all creditors of the old company."

The author outlines the growing criticism which arose of the equity procedure. "Ancillary proceedings" in every federal court district which the bankrupt system's lines penetrated were costly and wasteful. The foreclosure sale was "essentially ritualistic" and the "fees exacted by numerous protective committees, reorganization managers, mortgage trustees, receivers and their counsel, contributed to make reorganization costs exorbitant, if not scandalous." Moreover, such reorganizations were often unsound and unfair—and yet the courts and the I. C. C. were inclined to approve them anyhow, rather than "upset the result of years of labor."

As a result of these criticisms, the new reorganization statute, known as Sec. 77 of the Bankruptcy Act, was enacted in 1933 and amended in 1935—and its main pro-

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visions are set forth. The principal change was in putting the main responsibility for a final plan of reorganization into the hands of the I. C. C., rather than leaving it to the interested parties themselves, although there are many other innovations of considerable importance also, which the author discusses.

Controversies in Sec. 77.—The many controversies which have arisen under Sec. 77 are summarized in an article entitled "Progress and Delay in Railroad Reorganizations Since 1933" by R. F. C. Attorney Florence de Haas Dembitz. Main disagreement has arisen on two points—as to whether reorganizations under the new statute must meet the requirements of the rule in the Boyd case, and as to what extent the statute requires the I. C. C. and the courts to disregard the wishes of security holders in the formulation of reorganization plans. The controversy relative to the Boyd case has been resolved by the I. C. C. and the district courts, but it has not yet come before the Supreme Court. The Commission has held that "the mere fact that creditors and stockholders have agreed upon a plan is not conclusive." Mrs. Dembitz believes, in the light of the Los Angeles Lumber Products case decision, that the Supreme Court will sustain the I. C. C. position, if it is challenged.

The history and actual status of reorganization proceedings of railroads under Sec. 77 reorganization as of June 1, 1940, are set forth by the author in a convenient and informative table. She holds to the view that the law and procedure are not causing the delay in reorganization—the real culprit being the unwillingness of the parties to reorganize. Such reluctance is chided by the author, who apparently holds to the opinion that the depression is permanent and that railroad financial structures should "realistically" reflect this condition.

What Securities Have Value?—Treatment accorded the various classes of security holders in the procedure now being followed by the I. C. C. is set forth with great clarity by H. J. Friendly and L. M. Tondel, Jr., members of the New York bar. "Once a heirarchy of interests is established," they explain, "each class must receive 100 per cent satisfaction before the next lower class may participate at all. The claim thus satisfied includes, in the case of creditors, interest as well as principal. However . . . 100 per cent satisfaction is deemed to be given by 100 per cent satisfaction in *paper*." It is not expected that senior security holders will get a market value of 100 per cent of their claims, before participation is permitted to the next lower class of creditors. Nor has the I. C. C. even insisted that securities awarded to senior creditors should attain a market value of 100 per cent before junior holders begin to get some income.

The I. C. C., the authors explain, anticipated the decision in the Los Angeles Lumber case by holding that stockholders and unsecured creditors whose equities have disappeared are not entitled to participate, even with the senior creditors' consent. On the other hand, if a junior security is held to have "value," its holders will get some consideration in the reorganization even if there is little hope that the securities issued to senior creditors are ever going to have a market value equal in full to their claims. The arithmetic which the I. C. C. uses to determine whether a given class of security has value is described and also the use of "segregation formulas" and "severance" and "contributed traffic" studies; plus the treatment accorded to holders of collateral loans.

Optimism vs. Pessimism.—The view of Mrs. Dembitz that railroads ought to be organized "realistically" on the basis of recent earnings is sharply challenged by Joseph R. Warner, railroad analyst of Newark, N. J. He refuses to accept recent earnings as necessarily everlasting: "If and when we get out of the depression, traffic and earnings should improve." If they do not, then Mrs. Dembitz' "realism" would have to be accepted—but, so far, it is only an opinion. Mr. Warner raises the question at what sum the reorganized company is going to show the value of its property on its books. He favors the "original cost of the property to the industry" as a figure "more fundamental and definite than mere human opinion at a particular time."

"It would seem," he goes on to say, "somewhat at variance with American concepts for the same regulatory commission that fixes rates to determine corporate capitalization largely on the basis of the resulting earnings . . ." Such practice "would tend to verge upon a vicious circle."

The author believes that a considerable part of the present railroad plant (especially competing branch lines) ought to be scrapped; and then, when this is done, the property investment account should be appropriately reduced. But, he contends, it would be unjust for the I. C. C. to require the writing off of the original cost (except as offset by depreciation reserves) of property which it insists be retained in service. The excess of original cost over the combined capitalization and depreciation reserve, Mr. Warner would offset on the Liability side of the balance sheet by a new "Reorganization Adjustment Account," which would be a handy figure against which to charge abandonments during the early years of the reorganized company, when it has no Profit & Loss account balance to serve this purpose. In his opinion, the lack of such an account may serve as an actual deterrent to abandonments, which, if made, would improve the company's earnings.

In considering prospective earning power, the author urges attention to the relatively high maintenance expenditures which he finds characteristic of bankrupt roads, the disproportionate toll which depreciation charges and joint facility rents levy on net earnings in poor years. The I. C. C. should not, in his opinion, require an "undue substitution" of preferred stock for income bonds—because under the former alternative the property will be much more heavily taxed, and the interest cost under the latter alternative will be sufficiently less so that "if applied to a live sinking fund on the bonds, would retire the entire issue in less than 30 years."

"Gangrene in Our Economy."—The R. F. C.'s serious-minded assistant general attorney, Cassius Clay, has an article in the symposium in defense of the proposal for the establishment of a special court to deal with railroad reorganizations. But his opinions on the railroad situation as a whole, expressed therein, display such unusual comprehensiveness and candor that they tend to draw attention away from his assigned topic. The unsatisfactory financial condition of the railroads, in his view, "constitutes a dangerous gangrene in our whole economy." It is "delusive to suppose that the improvement in railroad traffic which has occurred since the outbreak of the war in Europe will make any contribution of lasting value to the solution of railroad difficulties."

The present parlous position of the railroads—in view of their indispensability to our economic and social life, and our national defense—constitutes (he strongly implies, but doesn't quite say) a test of our ability to make a democratic form of government function. He openly charges that the opposition of organized labor to railroad consolidation is perhaps less of a handicap to this development than "the division of opinion . . . among railroad executives." Noteworthy also is his partial list of the causes of the railroads' difficulties (which is al-

most comprehensive enough to constitute an agenda for the transport commission provided for under the 1940 Transportation Act). This list follows:

"Loss of traffic to trucks, airplanes and waterways, the slowness of the managements to appreciate that they no longer have a monopoly of transportation and to adjust their service and rates accordingly, incredibly complex capital structures which interfere with the obtaining of credit for the modernization of their equipment and facilities for effective competition, the weakening of some of the stronger systems by ill-advised purchases of stock of other railroads in the boom days, higher taxes and costs of operation, loss of export markets, the decentralization of big business which has progressed with increasing momentum during the last decade, and the fundamental fact that with a nation-wide system of highways and improved waterways, the country does not need as many railroad lines as it did a generation ago."

Craven vs. a Special Court.—Mr. Clay's arguments in favor of a special reorganization court center largely on his belief that such a court would produce better reorganizations than are likely under present machinery and secure them more quickly. His plea is countered by the learned attorney and former law professor, Leslie Craven, who fears political domination of such a court. Both Messrs. Clay and Craven agree upon the desirability of consolidations and the junking of wasteful and duplicative mileage—but the latter places the principal blame for lack of progress in this direction upon "the domination of legislation for the railroads by labor, and the politicians' willingness that the economic efficiency of the property be sacrificed for the protection and providing of jobs."

Mr. Craven has greater faith in the I. C. C. as a judge of such technical questions as prospective earnings and the relative value of various security issues than he does in any court, however specialized—especially since there is no way of knowing what the personnel of the court might be. Mr. Craven also gives his diagnosis of the origin of the difficulties of the railroads, filling a rather obvious lacuna in Mr. Clay's prescription, rather than contradicting it. Says Mr. Craven:

"The essence of the railroad problem lies in the simple issue whether, under the democratic process with its criss-cross of tensions from pressure groups, our railroad regulation can express enough intelligence to enable the railroads to survive."

Security Owners Well Represented?—Representation of security holders' interests in reorganization proceedings is discussed by William G. Fennell, New York attorney. The function of the "protective committee" under the old equity receivership is first described. Briefly, it planned and carried through the reorganization—and, since to perform these functions it needed absolute control of the securities it represented, deposit with the committee was necessary. Now, under the new procedure, securities may be represented (1) by an individual holder, (2) by a group of not more than 25 holders or (3) by a protective committee (which now tends to act under proxies rather than by deposit of securities). Then committees are subject to regulation by the I. C. C. both as to personnel and as to their dealings with security holders—and, while they may receive expense money and employ counsel, they may not themselves receive compensation.

More and more, the author relates, the institutional holders (insurance companies and savings banks) are represented by the unregulated groups of 25 or less; while the protective committee is resorted to by non-institutional holders. The institutions were formerly the mainstay of the protective committees; and the fact that the scattered, non-institutional holders are now left without this leadership seems to arouse some misgivings in the mind of the author. He does not appear to be at all certain that the interests of the institutional holders are uniformly identical with those of individual holders, although he has no evidence to offer that the latter have yet suffered from this possible conflict of interest. Aside from this question, and advocacy of allowing compensation to protective committee members, the author appears to believe that provision for representation in the present law are satisfactory and that it is being well administered by the I. C. C.

Mr. Whitney Would Kill the Goose.—The preoccupation of railway managers with financial problems, leaving them insufficient time to devote to railroading is one of the many critical observations made by President A. F. Whitney of the B. of R. T. in his article on the interest of labor in reorganizations. He is likewise suspicious of stock held, not with dividends in view but for the rewards of company control. Some of his criticisms are shrewd and to the point, and in the early part of his piece his expression is reasonably objective. Before he gets through, his argument shakes down to just about what will be expected of him. That is to say, he wants railroad capitalization established on a basis of earnings by the same body which, by fixing rates, also largely controls the earnings—the "vicious circle" which is so well signalized in Mr. Warner's article. He plumps for a reorganization court—quite likely for much the same reasons which cause Leslie Craven to oppose it.

He proclaims that this "is an age of mass production," but he inveighs against consolidation—which is the only way the railways can fully realize the economies inherent in mass production of transportation. He raps the railroads for pulling off non-paying trains and for not going in more for "lighter and more flexible equipment"—when his "full crew" policy is the principal reason why the railroads cannot make both ends meet with the light and frequent services he wants them to operate. And, finally, he makes the characteristically misleading claim of "ever-rising productivity" of railway labor.

If a fellow is pulling stumps with a mule, and somebody replaces his mule with a tractor so that he pulls twice as many stumps in half the time—who increased the stump-pulling, the fellow himself or the man who took away his mule and gave him a tractor? It is the people who invested their savings in reducing grades and providing better signals and larger locomotives who have increased the output per railroad employee, and who have thus made it possible to pay more money for fewer hours of labor. And this is the benefactor whom Mr. Whitney wants to strip of his property through drastic reorganization—without considering, apparently, where another crop of investors is going to be found to keep on improving railroad tools so that the railroads can, with resulting greater efficiency, have the means to continue to improve the condition of their employees.

Unprofitable Commuter Service.—That bankrupt railroads ought not be permitted to abandon unprofitable lines and services—at least not if any legal means can be found to require them to use the proceeds of their profitable operations for the support of losing lines—is the theme advanced by Armistead B. Rood, lawyer in the service of the Old Colony Commuters & Shippers' League. In support of his thesis, the author tells in some detail of the efforts which have been made to abandon losing lines and services of the Old Colony Railroad in the Boston area—and the opposition with which citizens and public officials have countered these efforts.

The author recognizes the difficult position of the rail-

road in such a situation, and suggests such expedients as tax reduction and, possibly, changes in wages and working conditions and the use of smaller trains and crews, in order to keep these lines in operation. And he wants the I. C. C. to appoint counsel to work against such waste-reducing abandonments, in the interest of unprofitable railroad users and *pay such costs out of the debtor's estate!*

Despite his status as a special pleader, the author aims with considerable success at an objective presentation. He does not, however, evidence adequate comprehension of the all-but-impossible job which privately-owned railroads are up against in trying to provide urban passenger transportation. The enormous and growing highway investment is untaxed and is not even self-supported through its users, whereas the railroads have to pay for their capital and pay taxes on the investment—all out of the revenues received from customers. No mere tax reduction will solve the railroads' problem when it comes to urban transit. To give them the equality which might make it possible for them to hold their own with private automobiles and buses in urban areas, the railroads would have to be freed completely from property taxes and receive a donation toward roadway maintenance expenses besides (as highway users do). Or else motor transportation will have to be made as self-supporting as railroad transportation now is.

As long as commuting by automobile is going to be made possible at far less than its true cost (i. e., without compensatory tolls on the costly new highways in urban areas), there is a growing number of commuters who will use their automobiles; and the problem of maintaining suburban train service is one which exists in more-or-less-acute form in every metropolitan area in the country. Mr. Rood needs to plead his cause before a far more diffuse and difficult tribunal than the I. C. C. or a bankruptcy court.

New Troubles With Leased Lines.—The troubles of the leased lines are a new phenomenon. Heretofore, with the railroad industry constantly expanding, there was no question that practically all of a system's component trackage had considerable value—but now the "picture has altered." Such is the introduction given by Assistant Professor John F. Meck, Jr., of the Yale Law School, to his discussion of leased lines in reorganizations. Trustees, he goes on to explain, have the right to avoid obligating themselves to the debtor's leases. If they refrain from accepting these obligations, the court may require the lessee to continue operating the leased lines—with any losses sustained in the operation being a preferred claim against the lessor's estate. The question of accounting becomes primary, because it is by the division of revenues and expenses fixed by the court that the lessor-lessee financial relationship in the continued operation of the leased lines is determined.

The lessor has a claim against the lessee's estate for breach of the lease—the "present value" of the "future rent." Under the equity procedure, the lessor's rent claims were limited to the damage he had suffered "up to the final date for filing claims," but the treatment of the lessor has been liberalized under the present dispensation. As a practical matter, a lease with a limited number of years to run appears to receive more liberal treatment than one for 999 years. The author concludes that, while the final outcome of some of these leased-line controversies is not definitely settled, the question of these lines is only one aspect of the industry's problem as a whole. Like the proprietary lines, seemingly, some are still good and some are not; and the leased lines' problems will fare forward toward solution along with those of the proprietary companies.

Crepe-Hanger.—A sharply critical attitude toward "voluntary" adjustments of railroad financial structures is taken in the discussion of Chapter XV of the Bankruptcy Act by Hubert L. Will, Justice Department attorney. This type of adjustment, it will be remembered, was provided for in a measure which was given only a year to run and which was aimed primarily to meet the exigencies of the Baltimore & Ohio and the Lehigh Valley. Well—to Mr. Will this type of readjustment is all wrong. The interested parties settle their difficulties without lengthy litigation—*unthinkable!* The courts and the I. C. C. have no opportunity to interfere here and there to insert their wisdom (and maybe their whims) into the readjustment—*call a cop!*

The basis of Lawyer Will's complaint is that he believes "there is nothing to indicate that the railroads will reverse their 20-year declining trend." Chapter XV readjustments are "deferred plans" and "no final reduction in maturities is effected." In his view, these "marginal" railroads are sooner or later going to have to be reorganized—eventually why not now? It all depends on the temperament of the individual. When Grandpa is ill, one fellow wants to give him the best of medical attention and hope for the best; while the other says, "What's the use? Call the undertaker." Lawyer Will is an undertaker-caller.

R. R. Buying of R. R. Bonds.—The possibility that carriers with bonds selling at low prices might greatly improve their position by borrowing low-interest R. F. C. funds and buying their bonds, is discussed by Robert T. Swaine, eminent railroad and corporation legal authority. Mr. Swaine does not think much of the idea. Low prices of railroad bonds are not the result of a flood of selling, but "are due to a lack of buyers in a thin market." Should buyers appear with any quantity of funds in hand, the amount of the issues they could get at bargain-counter prices would be small. "It would," says Mr. Swaine, "require a very carefully managed market operation, with complete disregard for the philosophies of the Securities & Exchange Commission, to accumulate any substantial fraction of the total of any of today's low priced railroad obligations at prices approximating those now prevailing."

Mr. Swaine also doubts the propriety of government making the large loans to private enterprise which the idea contemplates. "Perhaps the answer, not wholly satisfying, is that if every other kind of pressure group has its feet in the public trough, why shouldn't the railroad investors get in too." He also sees certain dangers to other security holders, in a possible subsequent bankruptcy, if the R. F. C. has railroad bonds pledged with it which it may sell at prices lower than the principal of the loan which the pledged bonds secure.

* * *

Photo by "Sparky," Roseville, Cal.

The Union Pacific Has a New Ticket Office at Powell and Geary Streets, San Francisco, Cal.

National Traffic Body Meets

1100 members of traffic clubs discuss transportation needs of national defense at Philadelphia; Eastman digs into rate problems

SOME 1100 carrier traffic men and their customers —the members of industrial and commercial traffic departments—attended the nineteenth annual meeting of the Associated Traffic Clubs of America in Philadelphia, Pa., on October 21 to 23, in a conclave which highlighted the themes of transportation and the national defense and co-operation between the carriers and shippers to achieve success in this endeavor. Delegates registered represented a total of 68 separate member traffic clubs throughout the country out of a total of 104 units making up the national body. Important outside speakers who addressed various sessions of the meeting included Joseph B. Eastman, chairman, Interstate Commerce Commission; Richard C. Morse, vice-president (operating) Eastern region, Pennsylvania; John A. Stevenson, president, Penn Mutual Life Insurance Company; Horace P. Liversidge, president, Philadelphia Electric Company; and James J. Davis, senior United States Senator from Pennsylvania.

Mr. Eastman discussed in detail and with as much candor as was possible for "a member of a public body whose business it is to pass upon such controversies" two chief topics—the problem of interterritorial freight rates and the problem of competitive rates between different forms of transportation. The latter he characterized as "a very real problem," while the former he believed to possess "at least some elements of artificiality." In addition, in his closing remarks, the commissioner admitted his sympathy for the current movement to make traffic management a profession, adding that "those who engage in a profession are by custom and tradition regarded as held to somewhat higher standards of ethics and public service." He asked that the position of traffic counselor "carry with it a breadth of view extending beyond the narrow interests of the immediate employer" and declared that traffic men could be of great service to the Commission in handling its problems "if you are willing to extend your vision, now and then, to embrace the public interest."

Deplores Sectionalism

Deploring the fact that recent discussion about alleged inequalities in territorial rate levels "tends to arouse sectional antagonisms," Mr. Eastman declared, however, that there may well be a basis for the feeling with respect to the inequalities and that the Commission desires to hear all such complaints with an open mind and act upon them as far as the law permits. But, said he, "at the same time I think it is fair to say that much of the outcry comes from sources, some of them with a political coloration, which are not altogether well informed in regard to freight rates, and that there are things which they overlook or obscure but which should be kept in mind."

Some of the latter he mentioned were: (1) Freight rates have been only one among many factors which have influenced density of population and location of manufacturing. Historically, rates have been as much influenced by the establishment of manufacturies as the reverse. (2) The financial results of railroad operations are much the same in all parts of the country, although there are marked differences in the level of rates on particular commodities. Hence, a favorable levelling down of certain rates might entail the levelling up of others. (3) Although class rates are on a lower level in the East, they are used much more there than in other territories, moving a large volume of carload traffic which moves elsewhere on commodity rates. (4) Lines in the West and South have demanded relatively higher divisions on interterritorial traffic than the Eastern roads, which the Commission has granted. This presence of "disproportionate" divisions is a great stumbling block to the establishment of rates from South or West to East on the same relative level as within the East. (5) The fact is that in recent years there has been an increasing tendency for manufacturing to spread throughout the country.

Concluding on this subject the commissioner pointed to the general class rate investigation which the I. C. C. now has under way "in which this question can be thoroughly developed," and expressed the hope that "the traffic men of the country who are well informed in regard to freight rates, will do their best to take and keep this controversy out of the realm of politics. It has on both sides got into this realm, where it does not belong, to an extent which is distinctly dangerous."

Trends in Competitive Rates

On his second topic—rates as between different types of carriers—Mr. Eastman declared in part: "It is not too much to say that the principal duty of the Commission has now become, not the regulation of monopoly, but the regulation of competition, and all the recent statutes for the regulation of transportation have had that end in view. This might seem the heyday for the shipper, and there are many, I imagine, who so regard it. Yet I think that those who are wiser recognize, what the records show was clearly recognized when the Commission was established more than 50 years ago in a period of cutthroat competition between the railroads, that stability of rates, known and adhered to, is greatly to be desired in the interests of commerce and industry, and also rates which will permit transportation service to be well and efficiently rendered with a reasonable degree of prosperity to those who render it. And the shippers who are small are also greatly concerned that competition shall not operate, as history shows that it is very likely to do, to the undue advantage of those who are large."

Analyzing present trends in the rates of the various transport agencies, the speaker asserted: "It is of interest to observe the tendencies of the carriers. The motor truck, by and large, has an advantage in service over the railroad, because of its flexibility, convenience, and speed of operation. On that account the prevailing tendency of the trucks is to follow the railroad rates and charge no less and sometimes more unless some other competition, from water carriers or from contract or private truck operators, is the controlling factor. There are conditions within their own ranks, however, which

make it difficult always to follow this tendency. Some motor carriers haul only truckloads, and at times only between large centers, in contrast with those who undertake to provide a general service like the railroads. There are other motor carriers who find it difficult to get business on the basis of service, and resort to rate cutting to fill their trucks. Because of the competition from these sources and the dangerous downward spiral of rates which it promotes or threatens to promote, there is a further tendency in the motor carrier industry, very clearly evidenced, to seek orders from the Commission fixing minimum rates, which when established become in effect maximum rates.

"The railroads have, as you know, had a rate structure which has been influenced quite as much by what the traffic would bear as by cost of service, and perhaps more. This has given the trucks opportunities for effective competition which would not have existed to the same extent if the rates had been based strictly on cost of service. For a long time the predominant thought of the railroads seemed to be that their financial salvation lay in horizontal rate increases on all traffic, leaving the matter of competitive adjustments in rates for secondary consideration after such increases were made. Their present tendency seems increasingly to be to concentrate primarily on these competitive adjustments, and they have made and are making widespread reductions in rates to recover traffic already lost to the trucks or to prevent the latter from taking more.

"Many of these reductions, particularly on carload traffic of high value and relatively good loading characteristics, have been possible without trespassing on cost-of-service principles, but the railroads have not confined the reductions to such traffic, but have not infrequently made them, as in the case of less-than-carload traffic, where the resulting profit, if any, can only be reckoned on the basis of a margin over so-called out-of-pocket cost. Unlike the trucks, the railroads seldom ask that we fix minimum rates for themselves, but they are very active in protesting reductions in truck rates on the ground that they go below minimum reasonable levels, and in some instances they have sought minimum rates for the trucks made differentially higher than the competitive rail rates.

"It seems clear that in regulating this competitive rate situation the Commission most certainly ought to prevent any carrier from hauling traffic at an out-of-pocket loss. This is a danger which is most likely to arise in the case of the railroads, because their operations are so extensive that such a loss can be sustained on a minor portion of their business without the same financial peril as a carrier with much less extensive operations would incur. The rates on less-than-carload traffic particularly require close examination in this connection.

"The case is not so clear with respect to rates which yield, if anything, only a margin over so-called out-of-pocket cost. The railroads have from the beginning made such rates when competition required, and both motor carriers and water carriers have done likewise on occasion. Out-of-pocket cost, however, is a very shifting and elusive thing, and it may easily be underestimated, particularly if the traffic in question grows in volume. In my judgement such rates are dangerous and merit the closest scrutiny. I am not yet prepared to say that they should never be allowed, but certainly it is clear that if railroads are permitted to make them, similar opportunities must be afforded to the other types of carriers."

It was Mr. Eastman's view that the time is not yet ripe for the establishment of strictly cost-of-service rates. Said he, on this subject: "Many shippers seem to entertain the view that carriers of one type should not be permitted to base their rates on the rates maintained by carriers of another type, which is the distinct tendency among motor carriers. They urge that instead the rates of each type of carrier should be independently constructed in line with what the statute calls its 'inherent advantages.' Translated this means, I take it, rates which conform closely to cost of service. The practical effect of such rates, if they were established, would be to exclude certain types of carriers from certain types of service. From the standpoint of utilization of our transportation facilities with maximum economy and efficiency, there is much to be said for such rates. It is clear, however, that they could not be maintained without the protection of co-extensive minimum rate orders, that they would require more elaborate information in regard to detailed costs of service than is yet available, and that they would revolutionize present rate structures. Time and experience may bring us to such rates, but I do not think we are yet ready for their extensive application.

"On the other hand, there is a feeling on the part of many, and I think it is to be found particularly among the motor carriers, that the present tendency, caused by competition, is to eliminate gradually from rate making consideration of the value of the service, and that this is a tendency which can and should be checked by the Commission. Giving weight to the value of the service is like adjusting taxation to the ability to pay. It has been a time-honored principle in the making of railroad freight rates all over the world, and apparently with good results. If this principle is to be enforced in the face of competition, however, it will be necessary to prescribe minimum rates which in many instances will be well above the cost of service, and also to fix at this high level some relationship between the rates of competing types of carriers, either one of parity or otherwise. Plainly this will require a high standard of knowledge and wisdom on the part of the Commission, and it will produce rates which are likely to encourage private carriage considerably. Yet the idea should not, I think, be dismissed from consideration."

Production Seen As Railroad Need

Mr. Morse, quoting Presidential Nominee Willkie's dictum "To be free we must be strong; to be strong we must produce," hailed the fact that "America is becoming conscious that productive industry is the foundation of military strength as well as economic power and security" and declared that such an emphasis would certainly bring a need for more and better transportation. Speaking as an operating officer he asserted that he and his colleagues are "delighted to direct their energies to provide for an expanding rather than a contracting traffic," although it was a matter of regret that it is the result of "the feverish impact of the threat of war rather than the healthy and stable developments of peace." Concluding, he expressed the hope that if the three-man Transportation Board provided by the Wheeler-Lea Act formulates a sound transportation policy, group pressure will not condemn it to the status of "just another report."

Mr. Stevenson referred to the interest of insurance companies in the future of transportation as being especially strong because, "in view of the existing scarcity of investment opportunities, we are hoping that our funds may flow into the financing of transportation facilities in the future. The speaker found as the most encouraging thing about the Transportation Act of 1940 the fact that the so-called Transportation Board which

(*Continued on page 593*)

Robert S. Henry Talks to Mechanical Supervisors

Col. Robert S. Henry

Tells members of four associations in joint session at Chicago their part as public relations ambassadors

EVERY one of the million or more men employed on railroads in North America has two jobs whether he knows it or not, said Colonel Robt. S. Henry, assistant to president, Association of American Railroads, addressing the joint opening session of the annual meetings of the Railway Fuel and Traveling Engineers' Association,, the Car Department Officers' Association, The Master Boiler Makers' Association and the Locomotive Maintenance Officers' Association at the Hotel Sherman, Chicago, held on October 22, 1940. Each man, he said, has the job for which he was specifically hired, and these jobs include 128 major classifications on American railroads. In addition he is also an ambassador of his industry to the public, by whose support and patronage the industry exists.

Mr. Henry spoke of the small number of men in the railroad business who are specifically charged with the responsibility for the relations of the railroads with the public. While these men have certain particular responsibilities with respect to the public, he said, the public relations men of American railroads include in reality all of the employees working in the industry. Everything these men do in carrying out their duties and in dealing with the public as well as in their personal contacts with friends and neighbors, affects the esteem and understanding that the public has for the railway industry.

"Most things in this world don't go by thought," he said, "most people don't think very deeply outside their own immediate work; there is no reason why they should. We don't think very deeply about the problems of other people; we have troubles of our own. We don't need to expect other people to think about our problems, but we can't escape their feeling about us.

"The curious thing is that whatever effects one railroad in this country for good or ill effects every railroad. For some reason, the people of the United States look upon the railroad not as separate companies but as some sort of an entity, and they either like us or they don't like us. So a second part of every railroad man's job is the way he does his other duties, the way he fulfils his other responsibilities of being an ambassador to the public."

Know the Railroad Story

Continuing, Mr. Henry stressed the importance of knowing the story of the railroads. He cited the various problems with which the industry has been confronted in the past and how they have been solved. The problem which has not yet been solved, he said, is that of earnings, and called attention to the fact that for the 20 years since the World War, through a great boom and a great depression the earnings of the railroads have been inadequate. Colonel Henry stated that 30 per cent of the railroad mileage in the United States is in some form of bankruptcy. This, he said, does not indicate any lowering of the standards of the property of the railroads which are in a condition of lean health for the performance of better and greater service than ever before.

He spoke of the remedy often suggested by those not familiar with the conditions in the industry, which is to "put them through the wringer." This, he said, means some form of repudiation of obligations to security holders, most of whom do not represent great wealth and all of whom have a right to expect that the promises made to them shall be kept. Thirty years ago, he said, when the railroads were relatively prosperous, the total capitalization for each one thousand dollars invested in

railroad plants and equipment amounted to $987. Last year the total capitalization for each one thousand dollars invested in the plant and equipment amounted to only $715. In the matter of debt alone, there has been a decline from $606 of each one thousand dollars invested to $420 of each one thousand dollars invested during the same period. This, he said, indicates that the troubles of the railroads are not primarily caused by their debt. "The trouble," he said, "lies in one fact—the public policies applied to transportation in this country throughout the past generation or two. I said 'policies' because we have two, and they are perfectly contradictory or have been up to the very recent past.

"To the railroads we say 'you shall be self supporting.' You must provide your own rights of way, your own tools and equipment, your own investment of all sorts. Then having done that, you pay all your own expenses. In addition to that you may pay taxes, real taxes, not money earmarked to be spent on railroad tracks but money but which goes to keep up schools and public institutions in the general operation of government.

"But when we come to the other kinds of transportation in this country we reverse that and the money comes out of the government to help support the transportation."

Mr. Henry then cited the Ohio river as one of the better examples of the cost of providing waterway transportation. Equated to the equivalent railway mileage, he said, the provision of navigation on the Ohio river has cost a little more than $200,000 a mile as compared to the average cost of the railroads in the United States of $62,000 a mile. To maintain the river costs $6,000 a mile for the equated railway mileage, which is about three and one half times what it costs to maintain the average railway mile in the United States. The cheap waterway transportation, he said, comes from the fact that these costs are met by the taxpayer.

In speaking of the highways, Col. Henry dismissed the numerous studies of the costs of highway transportation which have been made by numerous agencies representing particular viewpoints and confined his comments to the three states which have made such studies, Illinois, Missouri and Utah, all of which agree that heavy highway haulers are paying but a fraction what they should in order to provide adequate maintenance of the highway."

"We are self supporting and we should be," he said, "We are taxed and we should be. But by the same token, so should every other form of transportation stand on its own two feet, pay its own way, meet its own costs and help support the general operations of government in public institutions and public education."

Hope Seen in Transportation Act of 1940

Commenting on the transportation act of 1940, Colonel Henry said that it is not going to cure the railroad trouble but that in one respect it is highly significant. For the first time in transportation legislation Congress has in effect directed the regulatory authorities to treat all forms of transportation alike. It gives hope, he indicated, that sooner or later the railroads will be treated under the law with other forms of transportation.

F. P. Roesch Opens the Convention

Presiding at the joint session was F. P. Roesch, vice-president, Standard Stoker Company, who is chairman of the committee of the Coordinated Associations, on which each of the four participating associations is represented by its president and secretary. In opening the meeting, Mr. Roesch outlined the purpose of the organization under which the four associations co-operate in arranging for the meetings in guarding against overlapping of programs. "With no intent to dictate as to what subjects are to be selected by any of the bodies for investigation and discussion at their respective meetings," he said, "we feel it would be well for each member association after a tentative selection of subjects to pass them to the general chairman, who will take them up with the secretary of the Mechanical Division, A. A. R., to insure closer co-operation of the associations with each other and with the Mechanical Division." Continuing Mr. Roesch said, "in our present arrangements and in the suggestions now offered, we have to the best of our ability endeavored to chart a course which, if followed, will not only tend toward co-operation at convention but may also tend toward a more common relationship between departments that are at present in a major separated. There should be no fences between departments on the railroad. We are all working for a common cause—the best interests for the roads we serve. So let us set the example here and it will naturally go home with us."

The conventions of the four associations were accompanied by an exhibit of car and locomotive appliances and tools, arranged by the Allied Railway Supply Association, Inc. Over 100 companies participated in the exhibit, which continued from October 22 to October 25, inclusive.

Following the joint opening session of the railroad associations, each took up its own program in separate sessions.

National Traffic Body Meets

(*Continued from page 591*)

the act created "has not only the responsibility but adequate authority to make a new appraisal of competition in the light of its influence on our transportation facilities." He was impressed by "the statesmanlike way" in which the problem has been handled and is optimistic about "the machinery by which private ownership can limit competition under methods sponsored by the government."

Mr. Liversidge, whose talk dealt for the most part with the relationship between the electric utilities and transportation companies, had this to say, however, about the railroad industry: "I am uncertain to what extent you all will subscribe to what I consider another belief of the business man—especially the smaller business man, who is in the majority. That is the belief that the railroads must be regarded as the backbone of the national system of transportation, with the other classes co-ordinated to its long-haul aspects, without impeding their progress, however, or retarding their development.

"Living in a country stretching 3,000 miles between two long coastlines, both theoretically open to attack, we must hold to a realistic valuation of the principal means of quick mass transportation between those coasts. So both in our capacities as patriotic citizens interested in the national defense and as business men concerned with lines of communication for industry and commerce, we must feel an obligation to support the railroads. We must second their efforts, now apparently making substantial progress, to rehabilitate themselves after the long difficult years through which they have come."

Senator Davis, who spoke at the colorful banquet and dinner on the evening of October 22, devoted his impassioned speech entirely to the question of the relief

of the country from "personal government" and poverty and the establishment of unity and contentment as the surest path to peace. He did, however, get off some views on subsidies to farmers, stating, that if we must pay subsidies, they ought to be directed toward making less expensive the transportation of produce from the farms to centers of consumption, adding that payments might be made to the carriers directly for that purpose.

The present chief officers of the Associated Traffic Clubs of America were re-elected for the coming year. They are: President—C. R. Musgrave, vice-president, Phillips Petroleum Company; Executive Vice-President—F. A. Doebber, traffic manager, Citizens Gas & Coke Utility; Treasurer—W. T. Vandenburgh, retired commercial agent, Seaboard Air Line; and Secretary—J. E. Paulan, assistant traffic manager, Acme Steel Company. J. M. Fitzgerald, vice-chairman, Committee on Public Relations of the Eastern Railroads, is chairman of the board of the national body.

Awards for "meritorious service in the field of traffic club education" were awarded to one railroad man—J. B. Mordecai, traffic manager, Richmond, Fredericksburg & Potomac, Richmond, Va.—and two industrial traffic men—W. E. Willey, traffic manager, Procter & Gamble, Cincinnati, Ohio, and A. R. Crouch traffic manager, Pittsburgh-Des Moines Steel Company, Des Moines, Iowa. The organization voted to hold its regular spring meeting in Jacksonville, Fla., on May 5 to 7, 1941. Consideration of the professionalization of traffic management, which was scheduled for the annual meeting will be postponed until the Jacksonville conclave, in view of the fact that several important points are as yet under discussion.

Before adjourning, the meeting passed a resolution pledging its assistance in the national defense movement and in particular to Ralph Budd of the Advisory Commission of the Council of National Defense, and urging strongly that "any comprehensive plan for defense contemplate the continued operation of transportation facilities under private management and control and under fair and equal regulation."

Communications . . .

Mr. Ziegler Is Angry

CINCINNATI.

TO THE EDITOR:

Your quotation of a fragment of a paragraph from an editorial appearing in the September Railway Clerk supporting President Roosevelt for re-election, and heading it—"Clerks Are on to F. D. R." (Railway Age, September 24) is misleading, if not downright indecent.

If you have any regard for truthfulness in reporting, and your journalistic ethics will permit it, you will give this letter the same prominence that was given the sentences you lifted from the context of my editorial.

PHIL E. ZIEGLER,
Editor, the "Railway Clerk."

[What burns Brother Ziegler up is that we reported his admission that "the New Deal has failed to solve unemployment" but that we did not go on to explain that, despite this record of New Deal failure, Brother Ziegler was still making excuses for the New Dealers. The item which has so upset our colleague appeared on our "Week at a Glance" page and quoted the "Railway Clerk" in part as follows: "The New Deal has failed to solve unemployment. That cannot be denied. If capitalism is sick Dr. Roosevelt's remedies have failed to effect a cure. . . ."

Those four periods at the end of our quotation plainly indicated that we were not quoting the whole editorial and, furthermore, we specifically stated that there was more to the editorial than our quotation.

The "Week at a Glance" page is designed to give our readers only the *high lights* in the week's news. There is not room on that one page to give an extended account of every news event touched upon. *There was no news in the fact that the "Railway Clerk" was making specious arguments in defense of the New Deal.* But it was news that the "Railway Clerk" for one brief moment had put aside its partisanship to admit that the New Deal was a failure in solving unemployment. Our item *recorded the news* in Brother Ziegler's editorial and *omitted the old stuff* (i. e., that the "Railway Clerk" continued to be a partisan of the New Deal, regardless of its record). If the "Railway Clerk" had renounced the New Deal, that would have been news and we should have recorded it.

Anyhow, we have agreed with Mr. Ziegler to print the full paragraph of his editorial from which we quoted in part. Here it is:

"The New Deal has failed to solve unemployment. That can not be denied. If capitalism is sick Dr. Roosevelt's remedies have failed to effect a cure. In our humble judgment, however, the patient would have made better progress if he had not refused to take his medicine."

As to how sincere Brother Ziegler is in his objection to journalism which "is misleading if not downright indecent," an editorial in his September issue entitled "Pure Filth" bears striking witness. The editorial cites an observation of ours on the unfavorable effect on employee morale and discipline of certain referee decisions of the National Adjustment Board and distorts this citation into a "straw man" assumption that we had made a general attack on the character of railroad employees as a whole. We have, of course, just as high a regard for the character and intelligence of railroad employees as Mr. Ziegler has—and our objection to some of these Adjustment Board decisions has been precisely that they do not reward virtue, but its opposite. We did not slander railroad employees—as Mr. Ziegler (the self-styled opponent of things "misleading, if not downright indecent") tried to mislead his readers into believing.—EDITOR]

Bombs Can't Make a Briton Lose Interest in Railroads

SOMEWHERE IN ENGLAND.

TO THE EDITOR:

Despite certain abnormal pre-occupations, of which you are aware, I still read the *Railway Age* each week and find it as interesting as ever.

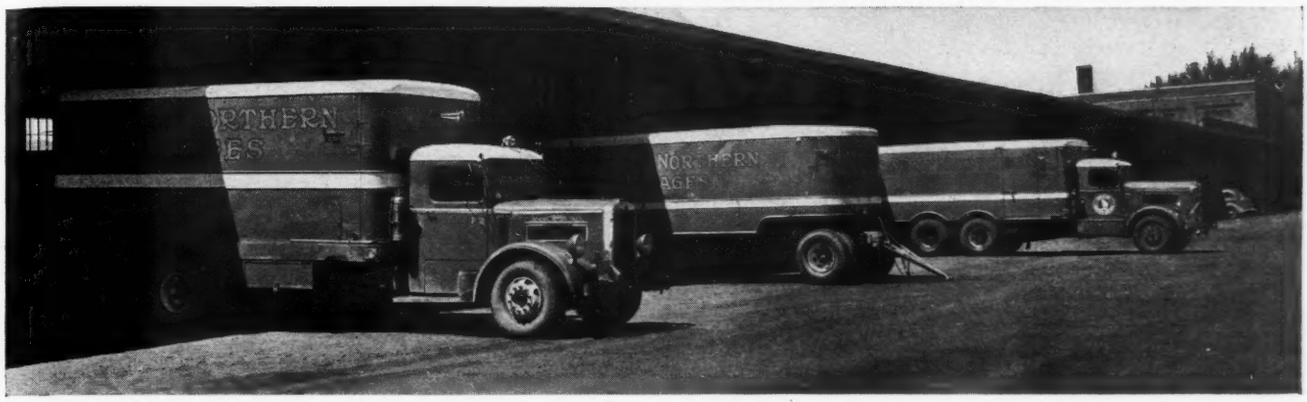
My reason for writing you this, with aircraft overhead and our defensive guns busy, is that I have just read L. F. Wilson's letter in your issue of 10th August on the long distance non-stop steam train runs and your note to it asking for details of other like runs.

Up to the outbreak of war the L. M. S. Railway were running daily 14 regular steam trains for distances of 200 miles and over. The longest of these was the 300 miles from London to Carlisle, hauled by the Coronation Scot type locomotives, similar to the one exhibited at the New York Fair, at an average speed of 63½ miles per hour.

E. J. H. LEMON
Vice-President, L-M-S Ry.

HOW THE GAGE OF BRITISH-OWNED RAILROADS in Argentina was fixed at 5 ft. 6 in. is explained by Robert Williamson, writer on railroad affairs, London, England. It appears that the first locomotive to operate in Argentina—on the Buenos Aires Western—was originally built in Leeds, England, in 1854 for use in India where the 5 ft. 6 in. gage was standard as "broad gage." The locomotive never ran in England but was instead used in the Crimea in military service and sold shortly after the Crimean war to contractors in Argentina, where it hauled the first train on the opening day of the Buenos Aires Western on August 29, 1857.

Motor Transport Section



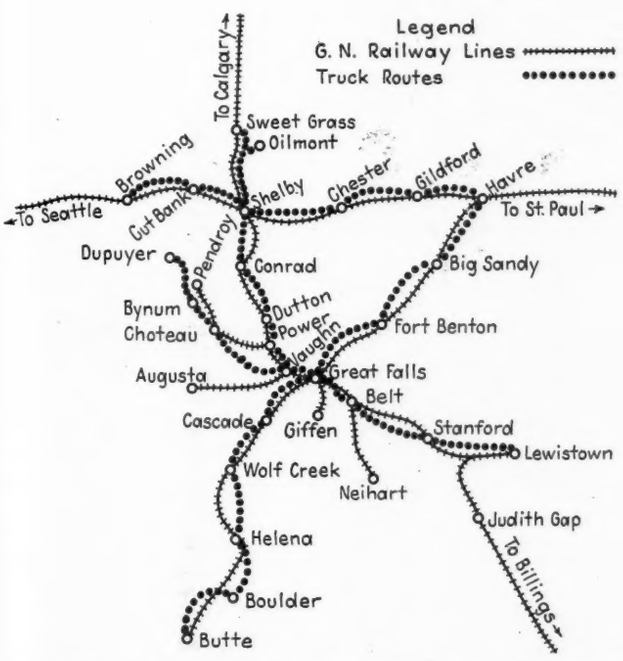
Part of the Great Northern Fleet at the Great Falls Freighthouse

Serving Northern Montana

Great Northern system of co-ordinated rail and truck routes gives shippers what they want

BEGINNING on March 1, 1935, the Great Northern has built up a system of truck routes which affords the shippers and receivers of the territory much more flexible and speedier service on merchandise. In addition, it not only saves operating expenses for the railway, but also shows a profit from its own operations.

The co-ordinated service is under the direct supervision of the superintendent of the Butte division of the Great Northern, whose headquarters are in Great Falls, Mont. This division includes the main transcontinental line of the G. N. between Williston, N. D., and Havre, Mont., and several secondary main lines in Montana, comprising about 1,500 miles of line in all. As will be observed from the accompanying map, the secondary main lines form an X, with the northeast point at Havre, the southwest at Butte, the northwest point at Sweet Grass and the southeast at Lewistown. It is along this X, and on the branch lines in the territory, that auxiliary trucking service by highway has proved most effective, as well as along the main line between Havre and Browning, paralleling the Kalispell division across the top of the X.



How Co-Ordination Is Used on the Butte and Kalispell Divisions of the Great Northern

The trucks comprising the Great Northern fleet in revenue service in Montana are all sturdy, modern units, such as are necessary to meet the severe mountain and weather conditions encountered in Montana, and they operate over the following routes: Great Falls-Butte, 159 miles, serving 13 towns en route; Great Falls-Lewistown, 112 miles, 11 towns; Great Falls-Dupuyer, 90 miles, 7 towns; Great Falls-Browning, 149 miles, 8 towns; Great Falls-Havre, 111 miles, 8 towns; Havre-Shelby, 107 miles, 16 towns; and Shelby-Sweet Grass, 35 miles, 5 towns.

How Operations Are Conducted

The route between Great Falls and Butte is covered by two van-type, 15-ton trucks, which have one 15-ton, 4-wheel trailer each. This route comprises 159 miles across the Rockies, from an elevation of 3,330 ft. at Great Falls to 6,354 ft. before reaching Butte, and for this trying run, the trucks are equipped with 150 h. p. motors and tandem double reduction rear axles. When

the topography of the rail line between Great Falls and Butte is considered, the importance of these trucks from the standpoint of eliminating train stops alone is apparent. Westbound, there are several long stretches of 2.2 per cent grade and pusher service is required for a distance of nearly 50 miles. The same maximum grade is encountered eastbound immediately after leaving Butte and pusher service is required for approximately 10 miles.

Three of the four daily schedules between Great Falls and Butte are night runs, made in overall times of from 6 hr. 30 min. to 7 hr. 15 min. The day run is made in 6 hr. flat for the 159 miles, or an overall average of approximately 27 m. p. h., including stops. Considering the amount of freight handled and the numerous curves and grades on highway 91 across the Continental Divide, this is one of the fastest mountain truck schedules in the country, yet the schedule is maintained even during the severe winter conditions, with an excellent on-time performance.

The trucks and trailers on this run are supplemented by single 10-ton units from Great Falls to Butte four days a week and another 10-ton unit three days a week. Approximately once a week more eastbound business is offered at Helena than can be handled by the Butte-Great Falls truck and an additional 8 or 10-ton truck is operated from Helena to Great Falls.

The route between Great Falls and Havre is protected by a truck and semi-trailer of 10 tons capacity, and, on the Great Falls-Lewistown run, the smaller units, from 3½ tons to 8 tons capacity are used. The traffic offered on the latter route varies widely and is largely seasonal in character. The Great Falls-Dupuyer route serves many branch line points and also several towns not located on the railway. Six-day a week service is given on this route between Great Falls and Choteau, with three-day a week service between Choteau and Dupuyer, with an additional unit three days a week between Great Falls and Choteau to handle the overflow.

The Great Falls-Browning route is protected by a 15-ton truck and 15-ton trailer, while an additional 7-ton unit is operated on this route from Great Falls as far as Shelby. Other 7-ton units operate between Shelby and Chester via Sweet Grass, in the oil field territory; and between Havre and Chester.

The truck fleet used in Montana includes several Diesel-powered units, which have proved very effective in mountain operation and the entire fleet is modern and well-maintained. Insofar as possible, all maintenance is done at the G. N. garage-shop at Great Falls, work at outlying points being done only in cases of emergency. The schedules are so arranged that all units are in Great Falls for inspection at least every other day.

Advantages of Highway Service

The co-ordinated service is so scheduled as to connect closely with the transcontinental and other train service and it saves 24 hr. and more for the railways' customers in the delivery of freight. In addition, the operation saves a large number of car miles. The trucks handle a large amount of perishable traffic and all of them are equipped with refrigeration. The van-type trucks are equipped with hot water heaters for handling perishables in the winter season, and charcoal heaters are used in the other units for the same purpose.

A recent estimate shows that the truck operation saves using 636 hot cars, 668 iced cars and 95 ordinary cars, or a total of 1,399 cars annually. The cost of icing and heating such cars is saved, plus car mileage, switching cars to and from icehouses and freighthouses and picking up and setting out on the line, with resulting delays to trains.

Varied operating conditions, with temperatures ranging from 95 above zero to 30 to 40 below zero are encountered in this territory, and snow and ice are frequently encountered on the highways in the winter months. Despite these handicaps, a perfect safety record

Diesel-Powered Unit in the Little Belt Mountains

Sturdy, Capacious Equipment Is Used on the Mountain Run Between Great Falls and Butte

has been maintained through careful selection of the drivers and through the use of modern, rugged, powerful equipment capable of combating the grades and the elements. Another important factor in producing safe operation in the winter when storms and blizzards are prevalent is the fact that the railway officers in charge of the trucking operations have had years of training in anticipating and meeting such conditions in the operation of trains and use this knowledge and experience in getting trucks over the road.

Retirement Board Classifies Motor Units

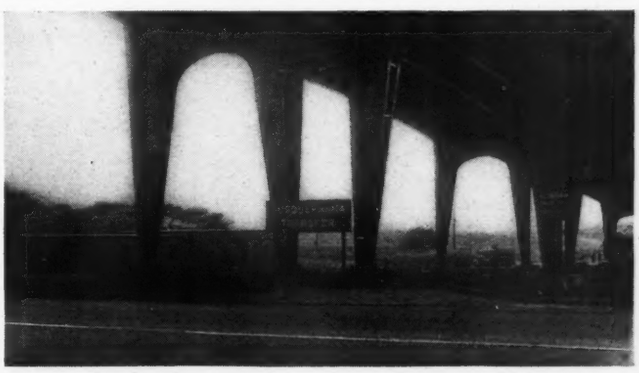
PROBABLY the most complete source of information concerning a large number of railroad-controlled or affiliated motor carriers yet available is a 186-page bulletin containing rulings of the Railroad Retirement Board and opinions of its general counsel with respect to the status of bus and truck operations, which the Board has recently issued. The book will prove of interest to railroad officers not only because it informs whether employees of motor carrier subsidiaries or affiliates are subject to the Railroad Retirement Act of 1937 and the Railroad Unemployment Insurance Act, but as well because the letters and opinions in most cases trace the development of each operating organization considered, its corporate and functional relations with the respective railroad or railroads and current operating characteristics. As such, the book serves a purpose probably not intended by the Board but invaluable nevertheless.

The bulletin divides the field of inquiry into seven sections, as follows: (1) bus and truck operations by controlled companies in connection with railroad transportation; (2) trucking operations direct by the railroad; (3) minor bus and truck service by electric lines; (4) trucking operation by subsidiary concerns; (5) bus and truck companies not railroad-controlled; (6) bus and truck operations *not* in connection with railroad transportation; (7) companies engaged *exclusively* in trucking operations.

The first section analyzes controlled companies which operate buses or both buses and trucks in connection with train operations or in substitution therefor, of which the Maine Central Transportation Company is typical. The employees of such concerns are clearly subject to the railroad acts. The second section covers two companies whose employees are directly engaged by the owning railroads for services, thereby giving them status under the acts. The fourth section covers cases where the motor operations are clearly performed by directly-controlled carriers. Section No. 5 considers bus and truck companies which are not owned or controlled by any railroad. The board ruled in each case that if such is the fact, whether the company "is or is not performing a service in connection with railroad transportation is of no importance."

The following section cites railroad affiliates, the services of which are not in connection with railroad transportation, ruling that they are not subject to the acts. New Haven-controlled County Transportation Company is typical. The ticklish problem of carrier-controlled or affiliated *trucking* companies is considered last. Here the clause in the Retirement Act which excepts "trucking service" from status is controlling. Thus while the Maine Central Transporation Company is subject to the acts because it operates buses as well as trucks, the Pacific Motor Trucking Company—directly owned by the Southern Pacific—is not, because it performs trucking service exclusively.

* * *



A Private Road Leads from United States Highway No. 1 to a Platform Constructed Along the New York, Susquehanna & Western at North Bergen, N. J., Where Train Passengers Transfer to and from New York Buses

NEWS

The Q Has Its 90th Birthday

Aurora celebrates anniversary and Ralph Budd delivers thoughtful address

The ninetieth anniversary of the inauguration of railroad service between Aurora, Ill., and Chicago was celebrated by Aurora and the railroad on October 21. In honor of the occasion, schools were closed, an old-fashioned parade was held during the day and crowds sang and danced in the streets. A total of 250 members of the Chicago Association of Commerce rode the Denver Zephyr to Aurora to join the parade and participate in a train-calling contest, a hand car race, an express wagon race and a spike driving contest.

Atmosphere for the occasion was provided by the Burlington's pioneer locomotive No. 440 and a replica of the first Pullman sleeping car which, manned by a crew attired in clothes of 1850 and carrying direct descendants of the pioneer residents of the Aurora area who made the first ride over the Aurora branch, paced the modern Zephyr into the station. Blasts from factory whistles welcomed the two trains.

Ralph Budd, president of the Burlington and one of the speakers at the shops, described the importance of early railroad development. "When we look to the future," he continued, "it is difficult to avoid some misgivings, and it seems appropriate on an occasion such as this, when we are appraising the accomplishments of the railroad and admiring its past record, that we should consider whether, like earlier forms of transportation, the railroad is reaching the end of its usefulness and may be due for decline and obsolescence.

"My misgivings about the future of the railroads are not based upon fear that they will cease to be essential as a most important part of the nation's transportation system. Nothing has happened which indicates to me that they will lose that position or that the present railway mileage will be greatly reduced, other than by elimination of branch lines, of which about 20,000 miles already have been abandoned and possibly as much more will have to be taken up. The extent to which this abandonment will continue depends upon two or three things, over which the railways do not have very much control.

"The railway's trouble is financial; their inability to earn a return on the investment. Failure to recover their earning power would not be determining, however, as to the necessity for the main network of railways which constitute our national system. Financial success or failure bears more on the question of how railway transportation shall be furnished in the future; whether by private enterprise, as in the past, or by government ownership and operation, or, as has been the tendency in recent years, by private management but with the confiscation of railway values through bankruptcy and reorganization on a basis which contemplates continued use of the properties for public purposes without permitting them to earn a fair return.

"The public has a great stake in the future of the railways. It may be said that the manner in which their operation is carried on is of relatively small importance since the properties are in existence and will continue to give service, but I do not agree that the sacrifice of private ownership is a small matter. Even if government operation would give as good service, which I do not for one moment believe, the administering of the transportation of the country in such a way as to make an end of private operation of railroads would certainly lead to similar action in other fields.

"The future of our railways depends upon the stability of our three-point foundation, namely, the public, the employees, and the owners. Like all three-point supports, the failure of one is disastrous to the entire structure. There is a mutuality of interest here which, if properly recognized, would be more beneficial to all than to pursue groupistic rivalry. Fair treatment of the employees and the owners of the properties will enable the public to receive the very best service at fair rates. This should not be too idealistic a hope to express.

"Whether the next ninety years will reflect as much credit on the Burlington railroad, its employees, and the public it serves, as the first ninety years have done, may well depend on the course which is followed in these relationships. One can say with honesty and candor that we have come a long way together, and express the sincere hope that we may make of the future, all that its opportunities may afford."

General Charles G. Dawes, chairman of the City National Bank and Trust Company, paid a tribute to the pioneering activity of the early settlers of the Chicago region in helping to make the growth of the Burlington possible and to the contribution which the road has made in building up the Middle West. He lauded Mr. Budd for his foresight in introducing streamlined trains at a time when a "spirit of defeatism" prevailed because of the depression and for his success in winning new public favor for train transportation.

Jobless R. R. Men To Get More $

Benefit payments to be hiked on Nov. 1—Maximum period of payment is 100 days

Increases in benefits for unemployed railroad workers will go into effect November 1 under the amendments to the Railroad Unemployment Insurance Act recently adopted by Congress and approved by the President on October 10, according to an announcement from the Railroad Retirement Board which administers the Act. During the time that the amendments were in the legislative mill authoritative estimates produced a figure of 92 per cent as the amount by which the present benefit payments would be increased. Now, however, the Railroad Retirement Board has reached the conclusion that benefit payments will be increased on the average by some 75 per cent.

Under the amended law an eligible unemployed railroad worker will be paid for every day of unemployment in excess of four in a period of 14 consecutive days, whereas under the original act he could receive benefits only for every day of unemployment in excess of seven in a period of 15 consecutive days. This means that a worker with five to seven days of unemployment who would have received nothing before the act was amended will now be paid from one to three days' benefits, and that a worker with eight or more days of unemployment in a period of two weeks will now get benefits for three more days than he could have received before.

The amount of daily benefits is increased by the amendments from $2.50 to $3.00 for workers with annual wages of $1,000 to $1,024, from $2.75 to $3.00 for workers with annual wages of $1,025 to $1,299, from $3.00 to $3.50 for workers with annual wages from $1,300 to $1,599, and from $3.00 to $4.00 for workers with annual wages of $1,600 or more. No change from the existing act is made in the daily benefit rate to be paid workers who earned between $150 and $1,000 in a preceding calendar year.

The number of days for which a worker may draw benefits is increased from 80 days to a maximum of 100 days a year. The maximum amounts of benefits per year, which originally ranged from $140 to $240, depending on the earnings in a preceding calendar year, will now vary between $175 to $400.

The reduction in the waiting period in

(*Continued on page* 605)

Defense Money Used for Seaway

F. D. R. takes defense funds to begin work on Seaway the Senate turned down

Pressing forward with his plan to develop additional power facilities on the St. Lawrence as a national defense project, President Roosevelt has allocated $1,000,000 from his special defense fund to the Federal Power Commission and the Corps of Engineers, United States Army, for preliminary work in connection with the proposed construction of a dam at the International Rapids section of the river. Responding to questions at his October 18 press conference, the President said again that power development is the only aspect of the St. Lawrence project which he has in mind at present; but he added that the structure of any power dam built would be such that it would not have to be torn down if at some future time this country and Canada should decide to install locks for navigation.

The President advised Congress of his action in allocating the aforementioned $1,000,000 in a message read in the Senate and House on October 17. "The surveys of the Federal Power Commission and the National Power Policy Committee," Mr. Roosevelt said, "have convinced me that the development of the International Rapids section of the St. Lawrence river should be undertaken at the earliest possible date as a part of adequate provision to meet the continuing power requirements of the defense program in certain essential centers of war-material production in the Northeastern states . . . It is urgent that this project be undertaken at the present time, not only from the point of view of our defense but also in terms of those of our neighbor, Canada. . . . The project may, therefore, be considered as an essential part of the program of continental defense which is being actively worked out by representatives of the two peoples."

Next came the President's reference to the allocation of the $1,000,000, and the message went on to reveal that a committee of four had been appointed to advise Mr. Roosevelt in planning the work and to cooperate with agencies of the Canadian government. Members of the committee are: Leland Olds, chairman of the Federal Power Commission; A. A. Berle, assistant secretary of state; Brig. General Thomas M. Robins, of the Board of Engineers for Rivers and Harbors; and Gerald V. Cruise, representative of the New York Power Authority trustees. The President said that he had directed the Corps of Engineers to begin the necessary investigations immediately; and added that "the preliminary investigations which I have authorized involve no actual construction or commitment to construct."

In the appendix to the same issue of the Congressional Record which carried the President's message appeared a statement by Representative Pittenger, Republican of Minnesota, who cited newspaper reports to the effect that the present proposal of the President "is a power development rather than a navigation development." Mr. Pittenger went on to say: "Some time ago, we pointed out that with Canada and the United States entering into a defense pact, now is the time to put through the St. Lawrence waterway project so that we would have not only a waterway which could be traveled by ocean vessels, but also power development for the benefit of the people in the area involved. It is important to know more about these defense negotiations. Of course, additional power can be used, but the outstanding demand of the people of the Northwest that the waterway be developed for navigation purposes must not be overlooked."

Meanwhile, on October 21, John D. Battle, executive secretary of the National Coal Association, issued a statement asserting that "there is no honest justification for the St. Lawrence hydro power project either in peace or war." The claims now advanced for the project on the basis of continental defense, Mr. Battle added, "are but a pretext for an unwise undertaking personally espoused by the President, which Congress has never approved and in the past emphatically rejected."

Continuing, Mr. Battle said in part as follows:

"Coal in abundance and close at hand and steam plants quickly built and economically operated is the answer as and when the need arises for increased electric power for national defense in that area. The seeming determination of the Roosevelt Administration to proceed with the St. Lawrence project at once, without any express authorization from Congress and without recourse to any treaty requiring the submission and consent of the Senate, is a flagrant disregard of public sentiment and of our constitutional processes of government. It is an attempted assumption of personal power and a circumventing of Congress that should be resented and repudiated by Congress and by the country. . . .

"The jobs of thousands of coal miners and their means of livelihood, and the jobs of railroad employees are jeopardized by this ill-advised and economically unsound project that ranks in the same category with the tide-harnessing water power adventure at Passamaquoddy and the Florida ship canal. The coal equivalent of the hydro-electric power encompassed by this first stage of the St. Lawrence project is in excess of five million tons loss annually. This represents five million man-days of employment in coal mines, the railroads and related industries, which would be wiped out each year. . . ."

Brazil Awards $9,500,000 Order to United States Companies

A contract for $9,500,000 has been effected between the state of Sao Paulo, Brazil, and the Electrical Export Corporation, a joint subsidiary of the General Electric Company and Westinghouse Electric & Manufacturing Co., calling for electrification by these two companies of the government-owned Sorocabana Railroad. Contract calls for electrification of 211 miles of track and construction and placing into operation of 20 electric passenger and freight locomotives, four three-coach multiple unit trains and other equipment.

Wheeler & Truman Rap L. M. Walter

Holding company probers say Walter "whitewashed" pre-bankruptcy managers

Sharp criticism of Co-trustee Luther M. Walter of the Chicago Great Western for his report to the federal district court in which it is alleged that he "whitewashed" the management of the road before it went into trusteeship was voiced by Senators Burton K. Wheeler and Harry S. Truman of the Senate interstate commerce subcommittee investigating railroad holding companies, etc., in two reports which were submitted to the Senate this week and ordered to be printed. At the same time both Senators called for legislation either abolishing or drastically controlling holding companies such as the Bremo Corporation, which was formed by traffic managers of certain large industrial concerns to acquire control of the Chicago Great Western.

Both reports which are numbered parts 12 and 13 of Report No. 25 of the Senate subcommittee investigating holding companies deal with the control of Great Western by the Bremo Corporation and the bankruptcy of the road. They cite in detail testimony which was adduced at hearings of the subcommittee several years ago, details of which were given in various issues of the *Railway Age*.

On the conduct of Mr. Walter as a co-trustee of the road, the report says:

"In 1935 when the Great Western went into bankruptcy, two trustees were appointed. The law requires that the trustees of a bankrupt railroad investigate any irregularities or mismanagement of the company, and if necessary institute suits for the recovery of damages. One of the Great Western trustees was its president, the head of Bremo Corporation (Patrick H. Joyce). The other, selected as an independent trustee, was a lawyer sympathetic with the Bremo group and at least one of whose clients was a member of Bremo. His report to the federal district court, instead of laying the ground-work for suits for recovery from the directors of the railroad, was in effect a whitewash. The court took no steps to require further investigation or the institution of suits for recovery. Legislation is needed to transfer jurisdiction over railroad bankruptcies to a specially constituted court, fully equipped to handle railroad matters. Such legislation should also insure the appointment of trustees independent in fact as well as in name."

Turning to the subject of the Bremo Corporation, the report concludes that "The milking of the last reserves of the Chicago Great Western to pay nearly $1,500,000 in dividends during 1931 and 1932, when the road was on the brink of bankruptcy, is a shocking example of the adverse effect of holding company control over railroads. Legislation is urgently needed abolishing such holding companies altogether, or subjecting them to effective federal regulation."

The report also points out alleged weak-

nesses in the Commodities Clause of the Interstate Commerce Act, going on to say that "The traffic scheme of the Bremo speculators shows that Wall Street is not the only place where the railroads may be abused." After observing that the Commodities Clause was intended to keep railroad interests and shipper interests separate and at arms' length, the report states that partly because of loopholes in the law, and partly because of loopholes resulting from judicial construction, the Commodities Clause has "failed to accomplish its purpose." "Legislation is necessary," it contends, "to plug these holes, and to prevent unwholesome relationships between carrier and shipper interests with their unfortunate consequences to the public."

The so-called "strait-jacket" bill which has passed the Senate and which would give the commission control over outside investments of the railroads is given a little boost by the two solons, perhaps in the hope that it may be jarred loose from a pigeon-hole in the House interstate and foreign commerce committee where it has reposed during the present session.

"So far as concerns the involvement of the Chesapeake & Ohio in the Bremo-Great Western complex," says the report, "the Van Sweringens would not have been able to abuse the treasury of this railroad, if its non-carrier subsidiaries had been subject to effective supervision by the Interstate Commerce Commission. Legislation is needed to require proper accounting and reporting by such subsidiaries as well as by the railroads, and to empower the commission to supervise their finances." [Such power would be granted to the commission under the provisions of the "strait-jacket" bill. The above reference is to the alleged use of C. & O. funds obtained through manipulation of the road's non-carrier subsidiaries, to "bail out" the Bremo Corporation when it ran into financial difficulties. The Van Sweringen brothers were in control of the C. & O. at the time that Bremo controlled the Great Western, and the reports and testimony seek to establish a close relationship between the Van Sweringen interests and those of Bremo.]

Meanwhile, on October 25 Senators Wheeler and Truman released part 14 of Report No. 25 which deals specifically with Chicago Great Western purchases of its own stock. After pointing out that the Great Western purchased some $250,000 worth of its own stock at $24.90 a share and that the stock is now selling on the New York Stock Exchange at less than on dollar a share, the report asserts that the Great Western could "ill afford such a dissipation of its funds."

The report goes on to point out that the Illinois law forbidding a corporation to purchase its own stock was circumvented by the Great Western purchasing the stock in the name of its wholly-owned subsidiary, the Mason City & Fort Dodge. "The use of a wholly-owned subsidiary in circumvention of state laws, as described in this report, illustrates some of the evils which have resulted from such devices," continues the report. "Legislation is urgently needed to eliminate or effectively regulate wholly-owned subsidiaries in the railroad field."

"No steps have been taken by the Great Western's trustees in bankruptcy to obtain reimbursement from the men responsible for the transaction," concludes the report. "One of these trustees is the president of the railroad who engineered the original transaction. The other trustee, while supposedly independent of the former management as required by federal law, has neither made a thorough investigation of the facts nor sought to recover the losses sustained. Legislation is needed establishing a special railroad court to handle railroad bankruptcy proceedings, and assuring the appointment of truly impartial and conscientious trustees, willing and able to press the railroads' just claims for restitution."

Forwarders Seek Still More Time on Joint-Rate Arrangements

Forwarders and a group of railroads were again petitioning the Interstate Commerce Commission this week for a further postponement beyond the present October 31 deadline of the effective date of those outstanding commission orders which require the discontinuance of joint-rate arrangements between forwarders and motor carriers. The petitions cite the recent passage by the House of Representatives of the "stop-gap" forwarder-regulation bill as indicative of Congress' continuing interest in the matter; and thus they again ask the commission to delay its crack-down on the forwarder-truck arrangements until the legislative angle is disposed of.

Among the petitioners are Acme Fast Freight, Inc., National Carloading Corporation; a group of some 30 railroads; the American Retail Federation; and the National Retail Dry Goods Association. The Acme petition is in MC-2200 which involves only Acme tariffs; the others are in Ex Parte No. MC-31, Tariffs of Forwarding Companies. National asks for an indefinite postponement, while the others seek a delay until the first of next year.

Status of R. F. C. Rail Loans

The monthly statement of the Reconstruction Finance Corporation as of September 30, 1940, shows disbursements to railroads (including receivers) of $779,873,022 and repayments of $309,711,034.

Freight Car Loading

Loadings of revenue freight for the week ended October 19 totaled 813,909 cars, the Association of American Railroads announced on October 24. This was an increase of 2,003 cars, or 0.2 per cent, above the preceding week, a decrease of 42,380 cars, or 4.9 per cent, under the corresponding week last year and an increase of 108,625 cars, or 15.4 per cent, above the comparable 1938 week.

Choctaw Rocket to Be Placed in Service in November

The Choctaw Rocket, new streamlined passenger train of the Chicago, Rock Island & Pacific will be placed in service between Memphis, Tenn., and Amarillo, Tex., about the middle of November, following a five-day exhibition tour through Tennessee, Arkansas, Oklahoma and Texas. Each of the two trains comprising the Choctaw will consist of a 2,000 hp. Diesel-electric locomotive, a combination mail-express-baggage car, a deluxe reclining chair car, a Pullman section-bed-

Leaders from All Walks of American Life Invited to First A. A. R. Open Meeting

Leaders from virtually all walks of American life are being invited by the Association of American Railroads to join with carrier executives in the Association's first open meeting to be held on November 13 and 14 at the Hotel Biltmore, New York. While the program arrangements for the meeting will not be completed until sometime next week, the list of those invited indicates the broad general interest which the A. A. R. expects to create.

The open business sessions will be held on the forenoons of the two meeting days. On the 13th there will also be luncheon and banquet sessions. The forenoon session on the 14th will be the closing event, and thus those attending will be free in time for the National Industrial Traffic League luncheon and the Railway Business Association dinner, both scheduled for the same day.

The basic attendance at the A. A. R. meeting will, of course, be that of the railroad executives. Not only have all chief executives been urged to attend, but it has been suggested also that they should be accompanied by as many as possible of their departmental officers. Meanwhile the invitations have gone, among others, to prominent shippers, business men, agricultural leaders, publishers, persons affiliated in one way or another with the railroad industry, representatives of regulatory agencies and other government departments, railroad labor leaders, and financial and insurance executives.

More specifically, the list includes the members and bureau chiefs of the Interstate Commerce Commission; members and ranking officers of the Federal Loan Agency and the Reconstruction Finance Corporation; and members of the National Defense Advisory Commission and of the Senate and House committees on interstate commerce. Also, the officers and directors of the Shippers' Advisory Boards; National Industrial Traffic League; Associated Traffic Clubs of America; American Short Line Railroad Association; Railway Business Association; American Newspaper Publishers Association; Associated Business Papers; National Industrial Conference Board; American Bankers Association; Association of Life Insurance Presidents; American Life Convention; American Farm Bureau Federation; National Grange; and the State Farm Unions.

room sleeping car and a parlor-observation-dining car. The tentative schedule is 17 hr. westbound and 16¾ hr. eastbound, compared with the present schedule of 22¼ hr. westbound and 21 hr. eastbound. The train will leave Memphis at 8:30 p. m. and will arrive at Amarillo at 1:30 p. m. the next day, while returning it will leave Amarillo at 3:15 p. m. and arrive at Memphis at 8 a. m. the next day.

Roads Ask I. C. C. to Ease Up On Tariff-Posting Regulations

Modifications of the Interstate Commerce Commission's tariff-posting regulations, which would bring to railroads and tariff-publishing agents estimated annual savings of approximately a half million dollars, are asked by the Association of American Railroads and the American Short Line Railroad Association in a petition filed on October 16. Specifically, the petition seeks a modification of the commission's posting order dated October 12, 1915; and it relies on a provision of the Transportation Act of 1940 which repealed that former provision in section 6 of the Interstate Commerce Act which had required railroads to furnish upon request a written statement of the rate applicable to a described shipment, and to keep posted in every freight station the name of a resident freight agent.

The largest part of the savings estimate is the $414,559 which it is expected would be saved if the supply of existing freight tariffs were to be reduced by 25 per cent. And that does not include any allowance for what would be saved by reducing the supply of passenger tariffs. In this connection the petition suggests that under present conditions the order of October 12, 1915, should be amended to provide that complete public files be maintained by certain railroads at a selected list of cities; and as to other railroads "the order should provide for the maintenance of complete public files at at least one suitable point." "In practice," the petition states, "this will mean that the public files will be maintained at the headquarters of the Freight Traffic Department and at other points where general offices are maintained by each railroad in order properly to conduct the freight traffic affairs of the railroad and to maintain a proper contact with the shipping public."

Arguing for the relief sought in the foregoing connection, the petition had said: "Notwithstanding relief that has heretofore been granted to individual railroads and groups of railroads . . . it is still necessary to keep on file at stations thousands of tariffs which are never used by station agents and for which request is never made by the shipping public. . . . From the standpoint of the public the maintenance of tariff files in railroad stations is not of practical importance. The carriers . . . distribute free of charge, practically without exception, to all shippers, commercial and trade organizations who make request therefor, copies of tariffs covering all the freight rates which the particular shipper is likely to use. The public is also advised in advance of contemplated tariff changes by advertising and through notices to traffic organizations. Shippers generally do not make a practice of going to freight stations to consult tariffs on file in those stations. They depend on their own files or on the files maintained by traffic organizations of which they are members. They also depend on rate quotations by railroad traffic officers. Approximately 40 per cent of the supply of tariffs printed are furnished free to the public."

Other relief sought in the petition would eliminate a requirement whereby railroad agents must keep a separate record of the receipts of tariffs or supplements, and another whereby the carriers must make a semi-annual inspection of tariff files, either by traveling auditor or by traveling tariff inspector. It is estimated that substantial savings would also result if this phase of the petition is granted.

The petition was signed by J. M. Souby, assistant general counsel of the A. A. R., and C. A. Miller, vice-president and general counsel of the Short Line Association. They represent that the commission has "full authority" to grant the relief prayed for under that provision of the Transportation Act of 1940 mentioned at the outset; and they ask that the case be set for hearings.

B. of R. T. Organ Now Has Busmen's Section

A new news section devoted to the interest of motor coach drivers has been established by the Brotherhood of Railroad Trainmen starting with the September issue of its periodical "The Railroad Trainman." Covering approximately two pages, the new division is a significant indication of the extent to which the B. R. T. is assuming union jurisdiction in the motor bus industry.

An item in the October issue reads to the effect that the representation committee of the drivers of the West Virginia Transportation Company (a subsidiary of the Baltimore & Ohio) have served 30 days' notice on the management for the purpose of revising working and payment schedules on the property. Changes desired by the employees include an increase in the rates of pay.

September Operating Revenues 0.5 Per Cent Below 1939

Preliminary reports from 88 Class I railroads, representing 82.1 per cent of total operating revenues, made public by the Association of American Railroads, show that those roads, in September, had estimated operating revenues amounting to $311,139,719 compared with $312,821,780 in the same month of 1939, and $381,504,682 in the same month of 1930. The September gross was 0.5 per cent below that of September, 1939, and 18.4 per cent below September, 1930.

Freight revenues of the 88 Class I roads in September, amounted to $255,828,526 compared with $256,344,232 in September, 1939, and $297,282,317 in September, 1930 —0.2 per cent below the former and 13.9 per cent below the same month in 1930. Passenger revenues totaled $30,187,694 compared with $31,464,073 in September, 1939, and $50,133,671 in September, 1930 —4.1 per cent below the former and 39.8 per cent below the same month in 1930.

L. A. Club Elects Officers

The Los Angeles Transportation Club has elected the following officers for the ensuing year: President, S. F. Mattoon, vice-president of the Anderson-Mattoon Company, Ltd.; first vice-president, H. H. Halverson of the Star Truck & Transfer Company; second vice-president, E. A. Coons, assistant freight traffic manager of the Union Pacific; and secretary-treasurer, Harry W. Leiser of Barker Bros.

Black Tom Case Is Advanced on Court Docket

The United States Supreme Court has ordered the so-called Black Tom case advanced on the court calendar to December 9, after having agreed last week to review the findings of the lower court in the matter. The case involves the explosions at Kingsland, N. J., during the World War in which property of the Lehigh Valley, the American Car & Foundry Co. and others was damaged.

Correction

The South Wind, referred to in the article, Chicago-Miami Streamliners Will Be Placed in Service in December, published in the *Railway Age* of October 12, will operate over the Pennsylvania, the Louisville & Nashville, the Atlantic Coast Line and the Florida East Coast instead of over the Pennsylvania, the Southern and the Seaboard Air Line as reported. The Dixie Streamliner will operate over the Atlanta, Birmingham & Coast in addition to the Chicago & Eastern Illinois, the Louisville & Nashville, the Nashville, Chattanooga & St. Louis, the Atlantic Coast Line and the Florida East Coast as reported.

Club Meetings

The Car Foremen's Association of Chicago will hold its next meeting on November 11 at 8 p. m. at the La Salle hotel, Chicago. W. J. Williams, general traffic manager, Sears Roebuck & Co., Chicago, will present a paper entitled "Handling General Merchandise."

The Toronto Railway Club will hold its regular monthly meeting on October 28 at 7:45 p.m. at the Royal York hotel, Toronto, Ont. "The Steam-Electric Locomotive" will be presented by Wayne E. Lynch, transportation department, General Electric Company, Erie, Pa.

More Time for Preparing Criticisms of Size-and-Weight Reports

The Interstate Commerce Commission in an order by Chairman Eastman has postponed from November 10 until November 25 the deadline date for the filing of statements of comment and criticism on the preliminary reports which have been prepared by members of the staff of the Bureau of Motor Carriers from material gathered in the Ex Parte No. MC-15 investigation of the need for federal regulation of sizes and weights of motor vehicles. The mandate to make the investigation came in the Motor Carrier Act, and

the Transportation Act of 1940 authorized and directed the commission to expedite the matter.

The first three of the preliminary reports were made public along with an order, dated August 28, which authorized the filing of the comment-and-criticism statements by interested parties. The nature of these reports was indicated in the *Railway Age* of September 7, page 337, where there was also reference to an announcement wherein I. C. C. Secretary W. P. Bartel had outlined the commission's plan of procedure for the investigation.

A. C. L. Pays Back Wages

The Atlantic Coast Line on October 21 began the distribution of some $260,000 in back pay to 6,469 of its maintenance-of-way employees, according to an announcement by the Wages and Hours Division of the United States Department of Labor. This amount, it was pointed out, represents the difference between the wages the company paid its employees from October 24, 1938, to May 31, 1940, and the wages that should have been paid under the provisions of the Fair Labor Standards Act.

The statement goes on to say that it is expected that most of the employees will have received their checks by October 24, when the third year of the Fair Labor Standards Act begins, and the maximum workweek without overtime is reduced from 42 to 40 hours.

The back payments were made by the railroad after it had lost a suit in the federal district court in North Carolina which ordered the company to pay to its maintenance-of-way employees the amount of money which it had been deducting as an allowance for housing and other services rendered by the railroad.

Milk Companies Lease Rail-Truck Units

The M. H. Renken Dairy Company, of Brooklyn, N. Y., has placed in service fourteen 3,000-gal. demountable milk tanks and seven flat cars in a co-ordinated railroad-highway bulk-milk service, calling for daily shipment by rail from country creameries in Pennsylvania and New York to the Erie terminal in Jersey City and trucking to the pasteurization plant in Brooklyn. The equipment was built by the National Car Company of Washington, D. C., and leased through the National Fitch Corporation of New York. Three additional tanks and two flat cars are in production to complete the Renken fleet.

The Muller Dairies, Inc., of New York, a unit of the National Dairy Products Corporation, has ordered ten 4,000-gal. tanks and seven flat cars from the National Fitch Corporation to be added to the two 4,000-gal. tanks and two flat cars placed in operation in December, 1939.

Over 50,000 gal. of milk are now being shipped daily to the New York metropolitan area by this new system, which combines long-haul rail service with short-haul trucking, and when further equipment now in production is delivered in December, this figure is expected to double. (Similar equipment and its operation were described in the *Railway Age* of December 23, 1939, page 973.)

Board Recommends Wage Increase for Montreal Pier Workers

A four-cents-an-hour increase in wages of freight handlers employed by the Canadian Pacific and Canadian National on piers in Montreal, Que., is recommended in the majority report of a three-man board of conciliation and investigation appointed under the Industrial Disputes and Investigation Act. The report, which was signed by Judge J. J. Coughlin (board chairman) and J. L. Cohen, employe nominee, recommended that the four-cent increase be applied to both freight handlers and freight checkers, but denied a further increase of eight cents per hour requested by employees. F. T. Collins, nominated to the board by the railroads, submitted a minority report recommending that no increase in wages be made on the grounds that the employees failed to substantiate their demands.

The wage dispute arose from an employees' request in 1938 for an increase of 12 cents an hour and a revision of graded wages for checkers. In October of that year another board of conciliation recommended a seven-cent increase, but only three cents of the increase was subsequently put into effect. The four-cent increase recommended by the present board, therefore, is the balance of the seven-cent increase recommended in 1938.

By Push-Button Control, Truck Operator Transfers Milk Tank Unit from Flat Car to Truck

Central Greyhound Directed to Reinstate Two Employees

The National Labor Relations Board has announced a decision in which it found that Central Greyhound Lines, affiliate of the New York Central, interfered with its drivers' rights under the Wagner Act by seeking to "veer the drivers' loyalties and affiliations" away from the Brotherhood of Railroad Trainmen to the Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America, or to the unaffiliated Interstate Motor Coach Employes Association, Inc.

Finding that the company had sought to discourage its drivers' affiliation with the B. R. T. because it was a "railroad outfit" and was "out to ruin the bus industry," the Board ordered the company to reinstate Edward A. Metz and Clifford Bruner with back pay upon finding that the company discriminatorily discharged them so as to discourage membership in the B. R. T. The Board also ordered the company to cease discouraging membership in the B. R. T. or in any other manner interfering with its employees' rights.

The company contended that Metz was discharged because he was an incompetent driver, and that Bruner was discharged because of his allegedly reckless driving on one trip between Boston and New York. Citing a previous case, wherein it has asserted that there was no field of employment where employers "could so easily find means to cloak their real motives for discharging employees as in the employment of bus or truck drivers," the Board added: "We are therefore not impressed with the sincerity of an employer who advances such reasons for a discharge where he fails to show that such violations were flagrant or repeated and where the surrounding circumstances indicate the employee was active in union activities to which the employer was opposed."

National Advisory Boards to Meet in Chicago October 30-31

The annual meeting of the National Association of Shippers Advisory Boards will be held at the Palmer House, Chicago, on October 30-31. The 13 boards and their part in the preparedness program will be the major topic of discussion. Speakers include J. J. Pelley, president of the Association of American Railroads, Washington; F. A. Schleifer, general chairman of the Mid-West Board, Chicago; R. J. Bowman, vice-president of the Pere Marquette, Detroit, Mich.; W. J. Williamson, general traffic manager of Sears, Roebuck & Company, Chicago; C. H. Dietrich, executive vice-president of the Freight Claim Division of the A.A.R., Chicago; F. M. Russell, general traffic manager of the General Fireproofing Company, Youngs-

town, Ohio; Walter J. Kelly, assistant to the vice-president of the traffic department of the A.A.R., Washington; F. M. Renshaw, traffic commissioner of the Buffalo Chamber of Commerce; C. H. Buford, vice-president of the operations and maintenance department of the A.A.R., Washington; LeRoy D. Owen, president of the Westland Warehouses, Inc., Los Angeles, Cal.; Aldon J. Anderson, general chairman of the Central Western Board, Salt Lake City, Utah; Harry J. Carroll, general chairman of the Great Lakes Board, Akron, Ohio; Col. A. B. Barber, manager of the transportation and communications department of the United States Chamber of Commerce, Washington; Walter S. Johnson, general chairman of the Pacific Coast Transportation Board, San Francisco, Cal.; and William H. Day, manager of the traffic bureau of the Boston Chamber of Commerce.

Shippers Advised to Consider Storage Requirements

The storage and warehousing of shipments will become vitally important during the national defense program and shippers should begin to study their requirements in order to guarantee a smooth and continuous operation of their businesses during the next three years, according to William A. Harriman, chairman of the Union Pacific, in an address before the Traffic Club of Chicago on October 23. Mr. Harriman, who is in charge of transportation liaison and export licensing of the Advisory Commission of the Council of National Defense, discussed Railroads and the Defense Program.

The transportation system, he said, will be kept in control by means of embargoes which will prevent the dispatching of shipments until unloading arrangements have been completed. As a result of this device and the fact that the government will keep as much material as possible away from the seaboard, manufacturers will have to exercise care in scheduling output, may have to provide facilities for storing shipments and may have to prevail upon consignees to provide warehouse facilities, especially during seasonal peaks. If shippers and consignees co-operate to the fullest extent, he said, fast rail service can be continued throughout the defense program.

Mr. Harriman asserted that there would be no car shortage this year and that the railroads will be in the "clear" for another year. There is no reason, he said, why equipment additions can't be made in time. There may be some shortages during peaks, he continued, but these "tight spots" will be occasional. He said there is no need for worry over motive power and supported this contention by measuring the advancement in power efficiency in terms of miles operated per month. In 1928, the newest locomotives averaged 5,700 miles per month, while in 1939, the newest averaged 8,000.

Mr. Harriman also referred to the government's appropriation of $17,500,000,000 for defense, airplane production and our foreign policy. Next month airplane production will be 1,000 machines for the United States and Great Britain; at the beginning of next year it will be 1,500; before the end of the year 2,000 and in the spring of 1942, 3,000.

President Signs "National Defense" Rivers and Harbors Bill

President Roosevelt has signed H. R. 9972, the recently-enacted "national defense" rivers and harbors bill which carries authorizations for projects estimated to cost approximately $35,622,000. The measure was passed after the President had vetoed a $109,985,000 rivers and harbors bill with a promise to approve authorizations for projects "of national defense value."

The President has also signed S. 3550, which prohibits the transportation in interstate commerce of convict-made goods; but he has vetoed S. 3786 which would have made it a federal offense to transport stolen animals in interstate commerce.

Defense Brings Rail Problems

Increased business and increased expenditures were predicted for the railroad industry by J. L. Beven, president of the Illinois Central, in an address before the Western Railway Club at Chicago on October 21. "I believe," he continued, "that the general disposition with regard to the extra money coming in will be to use it on the property. That will mean purchases of more material and employment of more men both on the railroads and in the supply industries.

"The railroads generally are in pretty good physical condition. However, a quarter of a million miles of railroad with all that goes with it requires a lot. There is always room for improvements in the shops, on the tracks, in the cars and locomotives and everything else that goes to make the property.

"The stockholders also remain in mind. They have a place in the industry. We may think we can get along without them, but we can't. When you are paying dividends you have credit, and when you have credit you can get money to do the things that have to be done without adding to fixed charges. The railroad business will not be on a sound basis until it again becomes a dividend-paying business.

"Under these conditions we need to be realistic in our thinking about the railroad industry. We are apparently headed into a period of brisk business, and some may think we are going to be prosperous. Don't let it fool you. The appearance of prosperity that comes from that kind of business is only a false front hiding the true condition of the structure beneath. It can't last. The day of reckoning is bound to come.

"It is our job in the railroad business to try to handle everything that comes our way, to try to be prudent in spending the money we have to spend, to try to take care of the property, to try (although this may be increasingly difficult) to take care of the tax man, and to try not to forget the adjustments that are bound to be necessary later on.

"That is something which might well be followed by everybody in business these days. It's going to take prudence, it's going to take foresight, it's going to take planning for the future, a future that may be vastly different from the past or the present, and it's going to take a far greater measure of co-operation between business and government, so that when the time comes for readjustment we all won't have to pay too dear a price."

S. P. & S. Affiliate Gets Three Bus Routes in Oregon

The Spokane, Portland & Seattle Transportation Company, affiliate of the Spokane, Portland & Seattle, has been authorized by the Interstate Commerce Commission, Division 5, to operate common-carrier bus services in interstate commerce over two different routes between Portland, Ore., and Seaside and over another route between Astoria, Ore., and Fort Stevens. Before acting favorably on the foregoing applications, based upon a public-convenience-and-necessity showing, the commission had denied an application for "grandfather" rights on one of the Portland-Seaside routes.

S. P. & S. Transportation's operations on the latter—the so-called Columbia River Route, via Rainier, Westport and Astoria—were inaugurated in 1924; but the "grandfather" application was denied on the basis of a finding that only intrastate operations have been conducted since August, 1935. "The record," says the decision, "shows that applicant discontinued operation in interstate or foreign commerce upon the decision of its officers to limit its operations to the handling of intrastate commerce because certain additional operating expenses would be incurred if its operations were conducted in compliance with the requirements of the act. Such action cannot be considered an interruption over which the applicant had no control."

Then the commission goes on to grant the alternative public-convenience-and-necessity application for the same route, on the basis of evidence showing a demand for interstate service. The authority also authorizes service to intermediate points. The other Portland-Seaside route is more direct, being 36 miles shorter. Designated the Wolf Creek Route it runs via Forest Grove, Sunset, Elsie and Necanicum. Here S. P. & S. Transportation gets authority to handle Portland-Seaside passengers, but cannot provide service to any intermediate points. The Astoria-Fort Stevens route was originally installed at the request of the commander of the army post at Ft. Stevens. The proceedings' title case is No. MC-29435.

Hudson Terminal Elevator Operators Come Under Labor Act

Rejecting the recommendations of Examiner Burton Fuller's proposed report, the Interstate Commerce Commission, Division 3, has found that commission orders defining and classifying employees and subordinate officials of common carriers include persons employed by the Hudson & Manhattan as elevator operators, elevator starters and information clerks in the Hudson Terminal buildings, 30 and 50 Church

street, New York. The effect of the finding, to which Commissioner Johnson dissented, is to bring those employees under the Railway Labor Act.

The majority report, representing the views of Commissioners Mahaffie and Patterson, shows that the issue was raised when the Building Service Employees International Union filed a petition asking the commission to interpret its definitions so as to exclude the elevator operators from Railway Labor Act coverage. The Brotherhood of Railway Clerks and the Brotherhood of Railroad Trainmen intervened in opposition to the petition. Leading up to its finding, the majority noted, among other things, that the elevator operators are given free transportation over H. & M. lines, and free transportation or reduced fare is requested of steam railroads by the H. & M. for them from time to time; they are included in H. & M. reports made to the Railroad Retirement Board and taxes on their employment are paid under the Carriers Taxing Act; and they participate in H. & M. medical-service and group-insurance plans.

To Dissenter Johnson, the evidence of record, "partially set forth in the report," was "conclusive that the work performed by the employees in question is not even remotely related to transportation." He saw a more important principle involved than a difference of opinion as he went on to complain that the majority report "flagrantly evades" determining the questions of law and of fact. In his opinion "our report should clearly and precisely show the conclusions of law and fact on which the findings are predicated."

Affirms New York Warehousing Case Finding as to Erie

Reporting after further hearing in the warehousing-and-storage-at-New York phase of the general Ex Parte 104 investigation of practices of carriers affecting operating revenues or expenses, the Interstate Commerce Commission has affirmed previous findings to the effect that the Erie "subsidizes, grants concessions to, and assumes a portion of the cost of conducting the commercial operations" of the Seaboard Terminal & Refrigeration Company through leasing arrangements with that company.

The finding went on to say that "such leasing arrangements and the rental rates paid thereunder give undue and unreasonable preference and advantage to the Seaboard, work unjust discrimination and undue and unreasonable prejudice and advantage to competing warehouse companies, and cause departures from the Erie's published tariff rates in violation of section 2, 3 and 6 of the Interstate Commerce Act."

Chairman Eastman concurred in the results of the majority opinion, while Commissioner Mahaffie filed a dissent in which Commissioner Miller joined. Commissioners Patterson and Johnson did not participate.

Commissioner Mahaffie took the position that the $196,000 annual rental paid by the Erie to Seaboard seems large only because the Erie has been unable to use the rented space for its original purpose, i.e., the road "failed in its attempt to transfer the vegetable market from Manhattan Island to Jersey City." This outcome, while profitable to the Seaboard, denotes "nothing worse than a mistake in business judgment" so far as the Erie is concerned, the dissenting commissioner added. "Such mistakes," he went on, "do not necessarily violate any provisions of the Interstate Commerce Act or otherwise prove fraud." Also, Mr. Mahaffie called attention to the fact that the original negotiations between Erie and Seaboard date back to 1926; he added that "many mistakes in attempting to forecast the future of business occurred during that period."

Interior Department Issues Land-Grant-Release Regulations

Railroads seeking to discontinue the system of land-grant rates for government passenger and freight traffic have until September 18, 1941, to file with the Department of the Interior a relinquishment of claims to all Federal land grants, under regulations made public October 18 by Secretary Harold L. Ickes. As the Interior Department's announcement points out, release of the land grant claims is mandatory before a railroad may take advantage of the opportunity to charge the government full commercial rates provided by the Transportation Act of 1940.

"A release must be filed, regardless of whether or not the carrier has any further right or claim under its land grant, if it wishes to secure the benefits of the full-rate amendment," the statement adds. Under the regulations, the railroads will be required to file with the Secretary of the Interior "a release of any claim it may have to lands, interest in lands, compensation, or reimbursement on account of lands or interest in lands so granted, claimed to have been granted or claimed should have been granted." The act does not require the carrier to "reconvey land already patented or certified for its benefit, or prevent the issuance of patents confirming the title to land which the Secretary of the Interior shall find has been sold by the carrier prior to September 18, 1940, to an innocent purchaser for value, or prevent the issuance of patents for land listed or selected by the carrier, where the listing or selection was fully and finally approved by the Secretary of the Interior prior to September 18, 1940, to the extent that the issuance of such patents may be authorized by law."

The lands must be free from mortgage liens and other encumbrances and if they are affected by tax liens, or taxes which are not due and payable at the date of recordation of the release, the carrier will be required to furnish a bond with corporate surety or make a cash deposit in the General Land Office in the sum of at least twice the amount of the taxes for the preceding year. If a cash deposit is made, the same will be returned when a receipt is filed showing that full payment of the taxes has been made.

"The filing of a release," the statement says, "will not be complete and effective for the purpose of enabling the carrier to invoke the benefits of the full-rate section in the Transportation Act until it has been filed in the form and manner prescribed by the regulations, and until the release has been approved by the Secretary of the Interior. The company will be given prompt notice of such approval, or other action.

"The regulations made public today mark a significant turning point in the history of railroad transportation in the United States. Development of the railroads through grants of public domain, begun 90 years almost to a day before the Presidential approval of the amendment to the Transportation Act by the present Congress, formed a primary policy of the Government in 1850 which also carried with it the theory that the railroads should give the federal agencies reduced rates in the handling of their freight and passenger traffic. Records of the General Land Office show that a grand total of 72,432,735 acres of public domain had been granted for the development of the railroads since the first grant of 2,595,133 acres for the development of the Illinois Central."

Safety Section Urges Public to Cross Crossings Cautiously

Because of the increase that has taken place in recent months in the number of fatalities resulting from accidents at highway-railroad grade crossings, the Safety Section of the Association of American Railroads has made an appeal to the public to use greater caution in approaching and passing over such crossings. The appeal was made in a letter sent to member roads by the Safety Section's Committee on Prevention of Highway Crossing Accidents, the Chairman of which is O. F. Gnadinger of Joliet, Ill., supervisor of safety of the Elgin, Joliet & Eastern. The letter follows:

"The alarming increase that has taken place in recent months in the number of fatalities resulting from highway-railroad grade crossing accidents shows the necessity for redoubled efforts being made by the railroads to impress on motorists and the general public the need for increased care being exercised in approaching and passing over grade crossings. This is especially important because of the increase in the number of grade crossing accidents that normally takes place in the winter months due to ice covered pavements and the fact that a majority of motorists drive with car windows closed, which handicaps them in hearing approaching trains.

"The Bureau of Statistics of the Interstate Commerce Commission has just released reports which show that 1,113 persons lost their lives and 2,667 were injured in highway-railroad grade crossing accidents in the first eight months of 1940. This was the greatest number of fatalities for any corresponding period since 1931, with the exception of 1937, when there were 1,144 fatalities. The number of persons injured in the first eight months of 1940 was greater than in any corresponding period since 1937, when there were 3,090 injuries.

"Hundreds of human lives could be saved annually if motorists would only use greater caution at grade crossings. Surveys made by safety officials show that a greater proportion of grade crossing accidents involve motorists who are familiar with local grade crossings and who use those crossings frequently, rather than motorists who perhaps pass through that locality for the first time. In view of that fact, we

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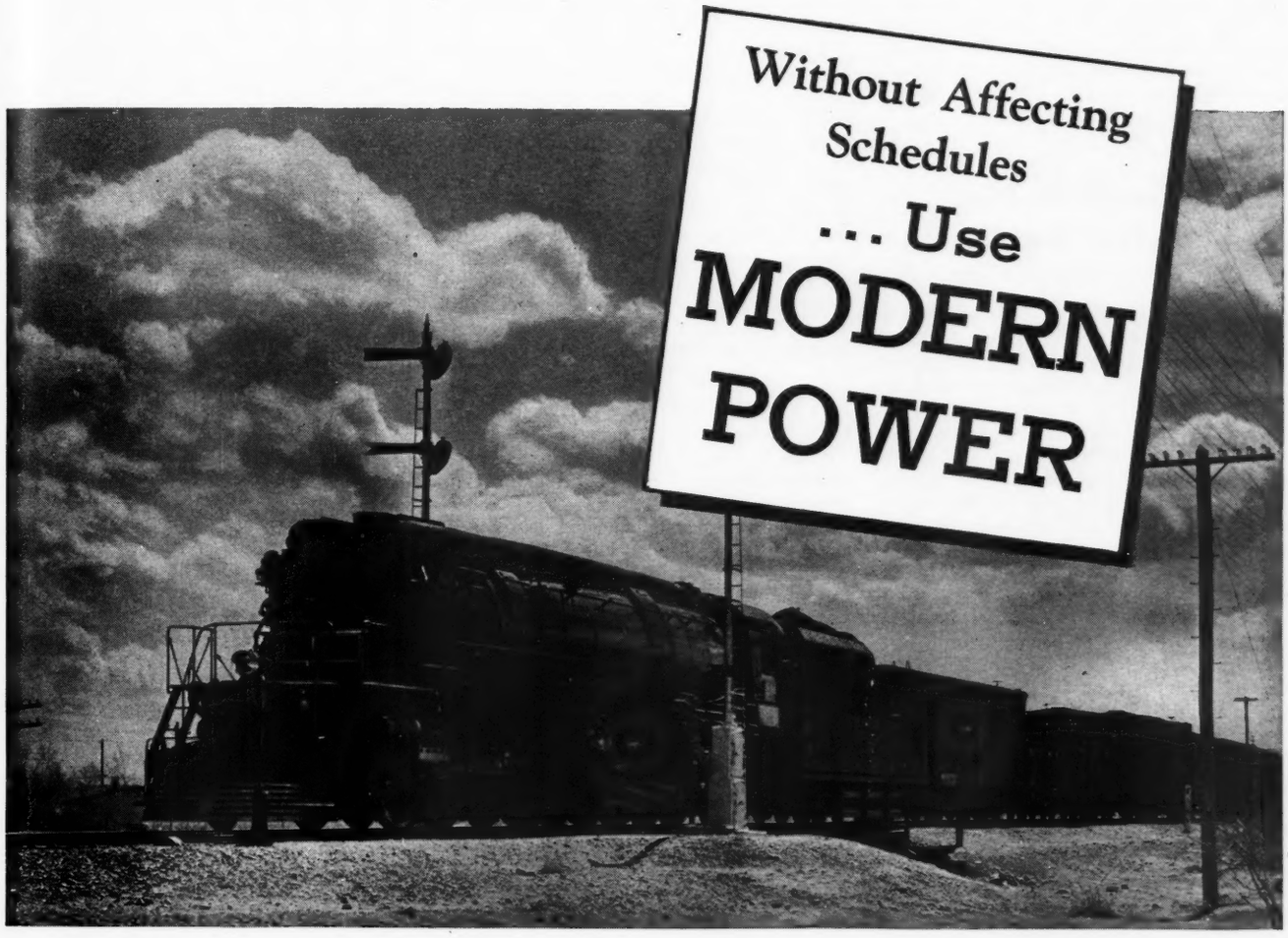
To Increase the Load . . .



Only *Modern Power* is capable of increasing the load without affecting schedules. Today, when all industry is being called upon to speed-up production and delivery, progressive railroads are solving their increased load problem . . . . . economically and effectively . . . . . with Modern Power.

Lima is prepared to supply the railroads with locomotives designed to haul capacity loads on minimum time schedules.

LIMA LIMA LOCOMOTIVE WORKS INCORPORATED **LOCOMOTIVE WORKS, INCORPORATED, LIMA, OHIO**

urge that an intensive effort be made by your agents and local employees through civic and other local organizations and public schools to firmly impress on the various communities as well as the general public the need for greater attention and care being used in approaching and passing over highway-railroad grade crossings. Regardless of the familiarity which a motorist has of grade crossings in his locality, eternal vigilance in making certain that a crossing can be passed over in safety should be exercised."

Jobless R. R. Men To Get More $

(*Continued from page 598*)

the amended act will also serve to provide more benefits and to give them more quickly than was possible previously, says the Board. Formerly a claimant was paid no benefits for the first period of 15 consecutive days in which there were eight or more days of unemployment; this half-month was counted as the waiting period. Benefits could be paid only for unemployment at the end of the second half-month in which the claimant had at least eight days of unemployment. From November 1 on, the claimant will receive benefits even for the first period of 14 days if it includes eight or more days of unemployment. In this first period he will be paid for every day of unemployment in excess of seven and may, therefore, receive as much as seven days of benefit. The result, continues the Board's statement, will be that instead of waiting for his first benefit check for at least one month after his initial unemployment the worker will be able now to receive benefits very shortly after the end of the first two weeks.

The Board estimates that over a period of years the effect of the amendments will be to raise benefits on the average by about 75 per cent. In any given year, however, it is pointed out, the increase in benefits resulting from the amendments may be greater or less than this average, depending upon the number of unemployed workers and the length of their periods of unemployment.

The amendments make other changes which facilitate understanding of the act and simplify administration, in the Board's opinion. The benefit year in the course of which an unemployed worker may receive a maximum of 100 daily benefits is now defined as the 12-month period from July of one year through June of the following year. The daily benefit paid in the benefit year is determined by the amount of wages earned in the base year, which is the calendar year preceding the beginning of the benefit year. Thus workers who draw benefits any time between November, 1940, and the end of June, 1941, will have their daily benefit rate depend on the wages received for the calendar year 1939.

The amendments change the period for which a single claim is filed from a half-month or 15 consecutive days to a registration period of 14 consecutive days. If an unemployed worker moves away from the place where he has been registering for benefits, he must begin a new registration period if he wants to claim benefits at his new location. In each registration period after the first he is entitled to benefits for every day of unemployment in excess of four. However, a Sunday or a holiday cannot be counted as a day of unemployment unless it is immediately preceded by a day for which the employee has registered and is immediately followed by a day for which he has registered or is the last day in a registration period.

"The important increase in the benefit rights of unemployed railroad workers is made without increasing the contributions from employers which maintain the system," concludes the Board's statement. "It is estimated that the present contribution rate of three per cent of the payroll, exclusive of the excess over $300 in monthly earnings per employee, will be sufficient to support the higher level of benefits."

Wage and Hour Division Acts to Assist "Red Caps"

"The Wage and Hour Division, U. S. Department of Labor, today moved to assist the 'red caps' of the Union Terminal Company, Dallas, Tex., in their legal contest to sustain a judgment of $77,253.98 for back wages and liquidated damages in an employees' suit under the Fair Labor Standards Act," said an October 22 press hand-out from the Division. The release goes on to say that a motion asking permission to file a brief in support of the judgment was filed in behalf of Colonel Philip B. Fleming, administrator of the Division, with the Fifth Circuit Court of Appeals at New Orleans, La.

The judgment for $38,626.99 in back wages and an equal amount of liquidated damages under Section 16(b) of the Act was granted by Federal District Judge William H. Atwell May 18, 1940, in the case of A. J. Pickett vs. Union Terminal Co. Judge Atwell ruled that the tips collected by the red caps could not be treated as wages paid by the defendant terminal company. The company appealed and the case is scheduled to come before the Circuit Court of Appeals for argument on November 14, 1940, at Fort Worth, Tex.

Colonel Fleming's motion stated that "the fact that 15 or more actions under Section 16(b) of the Act have been instituted by red caps and their representatives in the various district courts to recover back wages alleged due them under the Act by reason of matters similar to those complained of in this case attests to the public importance involved."

Colonel Fleming also stated that the Division has two cases pending to enjoin alleged violations of the Act on the part of Ohio railroad terminal companies employing red caps and expects that questions similar to those in the Dallas case will be involved. Last week Colonel Fleming asked the Sixth Circuit Court of Appeals at Cincinnati to advance the hearing—not expected to come before next April—in the red cap case against the Cincinnati Union Terminal "because of the public interest in the case." The Division appealed in this case from a district court ruling dismissing its petition for an injunction on the ground a tipping and guarantee plan had been abandoned for a system of 10 cents a bag or parcel to be collected by the red cap from the public.

Supply Men Exhibit at Bridge and Building Convention

Twenty-four manufacturers of equipment and materials used in the construction and maintenance of railway bridges, buildings and water service facilities, under the auspices of the Bridge and Building Supply Men's Association, presented an exhibit of their products in connection with the forty-seventh annual convention of the American Railway Bridge and Building Association at the Hotel Stevens, Chicago, on October 15, 16 and 17. The officers of the Supply association who arranged for and were responsible for the exhibit, which was held in the exhibition hall immediately adjacent to the convention room, were: President, Harry A. Wolfe, special representative, The Lehon Company, Chicago; vice-president, C. C. Rausch, representative, Dearborn Chemical Company, Chicago; secretary, W. S. Carlisle, representative, National Lead Company, Chicago; treasurer, H. M. Winandy, assistant manager of railway sales, Celotex Company, Chicago; honorary director, K. T. Batchelder, manager railway sales, Insulite Company, Chicago; and the following members of the Executive Committee—G. W. Anderson, representative, Patterson-Sargent Company, Chicago; C. E. Ward, representative, U. S. Wind Engine & Pump Company, Batavia, Ill.; A. J. Filkins, president, Paul Dickinson, Inc., Chicago; F. A. McGonigle, manager railway sales, Mall Tool Company, Chicago; P. R. Austin, representative, Johns-Manville Sales Corporation, Chicago; and Ross Clarke, sales representative, Massey Concrete Products Corporation, Chicago.

In the election of officers for the ensuing year, Mr. Rausch was advanced to president; Mr. Carlisle was elected vice-president; R. Y. Barham, district manager, Armco Railroad Sales Company, Inc., Chicago, was elected secretary; and Mr. McGonigle was elected treasurer. The new directors elected were: E. C. Bleam, representative, Joseph Dixon Crucible Company, Chicago; and E. E. Thulin, E. E. Thulin Company, Chicago, to succeed Messrs. Anderson and Clarke, whose terms had expired.

A list of the exhibitors, together with the products on exhibit and the names of their representatives, follows:

Air Reduction Sales Company, New York — Acetylene welding outfit; flame cleaning tip; electric welding unit—C. B. Armstrong, C. Daley, J. Kenefic, J. G. Magrath and E. F. Turner.

American Lumber & Treating Company, Chicago—Samples of Wolmanized timber and illustrations of its use—Robert R. Clegg and R. B. Putman.

Armco Railroad Sales Company, Middletown, Ohio—Samples of Armco pipe and illustrations of applications—C. H. Anderson, R. Y. Barham, E. T. Cross and E. Harbeck.

Buda Company, Harvey, Ill. — Earth drill; Klinch-Klaw jack; track and car jacks—R. M. Blackburn, H. H. Cohenour, J. S. Dempsey, R. B. Fisher, F. Gormley, W. A. Hart, R. K. Mangan, and S. W. Sanford.

Celotex Corporation, Chicago—Insulation; wallboard; cold storage insulation; interior finish — J. H. Bracken, W. S. Millener, W. G. Rogers and H. A. Winandy.

Dearborn Chemical Company, Chicago—No-Ox-Id rust preventatives; sealing compound for wood water tanks; aluminum protective coating; pipe coating, wrappers for protection of underground pipe; chemical pumps; proportioner—Don Bishop, C. I. Loudenback, A. C. Moeller and C. C. Rausch.

Paul Dickinson, Inc., Chicago—Roof ventila-

tors; smoke jacks; stove jacks; roof drains; exhaust heads—A. J. Filkins, E. M. Filkins and William Harrison.

Joseph Dixon Crucible Company, Jersey City, N. J.—Industrial paints—E. C. Bleam, R. E. Goodfriend and W. Skea.

Duff-Norton Manufacturing Company, Pittsburgh, Pa.—Bridge jacks—C. N. Thulin and E. E. Thulin.

Homelite Corporation, Port Chester, N. Y. — Portable pumps; generators and blowers—R. J. Edbrooke, R. C. McDonald and Nelson Thompson.

Johns-Manville Sales Corporation, New York—Samples of Transite pipe; corrugated Transite roofing and siding; asbestos roofing and siding shingles; Transite conduit; asphalt tile flooring; asphalt shingles; built-up roofing; prepared roofing; pipe insulation; asbestos wainscoting and wallboard; mechanical packing; asphalt plank—P. R. Austin, R. J. Offutt, T. O'Leary, Jr., H. R. Poulson, W. W. Prosser, F. C. Vandervort and L. T. Youhn.

Lehon Company, Chicago — Asphalt shingles; asbestos shingles; prepared and built-up roofing; aluminum paint; waterproofing materials — John Eipper, Tom Lehon, T. L. Kennedy, E. A. Leonard, R. J. Mulroney, John W. Shoop and Harry Wolfe.

Mall Tool Company, Chicago—Gas-driven and electric-driven machines for vibrating concrete and surfacing concrete, with attachments for grinding, pumping water, drilling, boring, driving lag screws, wire scratch brushing and sanding; pneumatic chain saws and cross-cut saws; electric saws; drills; grinders; and chain saws—Robert Burgwald, A. W. Mall, F. A. McGonigle, M. Rehnquist, M. S. Riley and James Stewart.

Massey Concrete Products Corporation, Chicago —Literature on concrete pipe, piling, concrete cribbing and crossing slabs—Ross Clarke, David A. Hultgren and W. L. McDaniel.

Master Builders Company, Cleveland, Ohio—Samples of floor wearing surfaces; rust joint iron; non-shrink aggregate for concrete bonds; reground portland cement paint for concrete surfaces; liquid quick-setting compound; puzzolanic water-reducing agent for mass concrete; membraneous curing compound; masterplate floors—L. W. Johnson, D. H. Lee and B. R. Wood.

National Lead Company, New York—Red lead; white lead; linseed oil; colors in oil; lead mixing oil; literature on red lead paints and the use of white lead — Ralph Baker, W. S. Carlisle and Hugh M. Millen.

Oxweld Railroad Service Company, Chicago—Flame cleaning apparatus; soldering and brazing outfit; complete welding and cutting outfit—Lem Adams, F. J. Duffie, F. Finsthwait, E. B. Hall, Jr., S. B. Hopkins, G. B. Moynahan and D. H. Pittman.

Patterson-Sargent Company, Chicago — Bridge paints; and literature on bridge paint—Geo. W. Anderson, Ben Bowman and W. H. McBride.

Pocket List of Railroad Officials, New York—B. J. Wilson.

Railway Age, Chicago — Copies Railway Engineering and maintenance and Railway Age — G. E. Boyd, M. H. Dick, S. W. Hickey, Neal D. Howard, Elmer T. Howson, C. W. Merriken, H. A. Morrison and J. S. Vreeland.

Ruberoid Company, Chicago—Geo. R. McVay.

Timber Engineering Company, Washington, D. C.—Timber connectors; termite shields; and literature on connectors and timber design—J. B. Jordan and L. P. Keith.

U. S. Wind Engine & Pump Company, Batavia, Ill.—Frost casing for riser pipe; tank stuffing box; float valves—C. E. Ward.

Warren Tool Corporation, Warren, Ohio—Flex-toe claw bar—W. H. Bon, F. H. Lehman and Oscar Youngquist.

Equipment and Supplies

FREIGHT CARS

THE LEHIGH & NEW ENGLAND is inquiring for 300 50-ton steel hopper cars.

THE NATIONAL CARBIDE CORPORATION has ordered 12 all-steel welded flat container cars from the American Car & Foundry Co.

THE NAVY DEPARTMENT'S BUREAU OF SUPPLIES AND ACCOUNTS will open bids on November 12 for 32 all-steel box cars of 50 tons capacity and 23 steel-underframe flat cars of 50 tons capacity.

THE LEHIGH VALLEY has ordered 750 freight cars for delivery early in 1941, allocating 500 55-ton box cars to the Pressed Steel Car Company and 250 heavy-duty, mill type-gondola cars to the Bethlehem Steel Company. Previous mention of this equipment was made in the *Railway Age* of October 19, page 569.

THE NATIONAL CAR COMPANY OF WASHINGTON, D. C., has built for lease to the Renken Dairy Company of Brooklyn, N. Y., fourteen 3,000-gal. demountable milk tanks and 7 flat cars. Three additional tanks and 2 flat cars are now in production to complete the Renken fleet and ten 4,000-gal. tanks and 7 flat cars are on order for lease to the Muller Dairies, Inc., of New York.

THE BALTIMORE & OHIO has ordered 750 52 ft. 6 in. mill-type gondola cars of 70 tons capacity from the American Car & Foundry Co. and 250 65-ton gondola cars from the Bethlehem Steel Company. Authorization for this equipment was reported in the *Railway Age* of October 5, page 495. These orders are in addition to 1,000 box cars placed with company's own shops, as reported in the *Railway Age* of October 5, page 495.

LOCOMOTIVES

THE ILLINOIS CENTRAL has ordered four Diesel-electric locomotives from the Electro-Motive Corporation, including one 2,000 hp. and two 2,700 hp. transfer locomotives and one 1,000 hp. switching locomotive.

PASSENGER CARS

THE ILLINOIS CENTRAL, reported in the *Railway Age* of September 28 as expecting to order two rail motor cars from the American Car & Foundry Company, has ordered two single cars and one two-car unit from this company. The two-car unit will be used between Chicago and Waterloo, Iowa; one of the single cars between Chicago and Champaign, Ill.; and the other single car between Jackson, Miss. and New Orleans, La.

THE SOUTHERN has ordered 47 passenger cars from the Pullman-Standard Car Manufacturing Company for use in three seven-car and three eight- and nine-car trains, as reported in the October 19 *Railway Age*. The equipment includes the following cars:

6 passenger and baggage
6 partition coaches
18 coaches
5 diners
3 observation-lounge-taproom with round ends
3 observation-lounge-taproom with square ends
2 mail-baggage with 6-ft. mail section
2 mail storage
2 mail-baggage with 30-ft. mail section

IRON AND STEEL

THE CHICAGO & NORTH WESTERN has ordered 16,000 tons of rails.

THE WHEELING & LAKE ERIE is reported to have ordered 4,000 tons of rails from the Carnegie-Illinois Steel Corporation.

Supply Trade

G. W. Curtis has been appointed Milwaukee division manager of the **Timken Roller Bearing Company,** Canton, Ohio.

H. N. Sudduth has been appointed engineer of development and tests, **H. F. Halladay,** mechanical engineer, and **A. W. Laird,** general engineer, in a reorganization of the engineering department of the **New York Air Brake Company.**

Edmund J. Phillips, Jr., formerly associate editor of the *Railway Age,* has been appointed assistant advertising manager of the **American Phenolic Corporation,** Chicago, designers and manufacturers of radio equipment and electrical connectors for industrial, railroad, airplane and marine use.

OBITUARY

Max Rotten, at one time vice-president in charge of engineering of the Busch-Sulzer Brothers Diesel Engine Company, St. Louis, Mo., died in that city on October 6 of a heart ailment.

William Van Doren Wright, former vice-president of the Edgewater Steel Company, died in Paris, France, on September 19, where he had been living since his retirement from that company in 1934. He was born in Indianapolis in September, 1871, and has been president of The Thiffault Company, treasurer of the Inter-Ocean Steel Co., and manager of the Chicago office of the Railway Steel-Spring Company.

C. A. McCune, research engineer and secretary of the Magnaflux Corporation, died on October 14 in Atlantic City, N. J. He was 61 years old. Mr. McCune was formerly president of the American Welding Association and of the International Acetylene Association. In 1900 he became chief draftsman of the Safety Car Heating & Lighting Company, and then successively assistant engineer and chief engineer of the Commercial Acetylene Company, sales engineer of the Page Steel & Wire Company, director of research of the American Chain Company and director of research of the Welding Engineering & Research Corporation. He had been associated with the Magnaflux Corporation since 1932.

C. A. McCune

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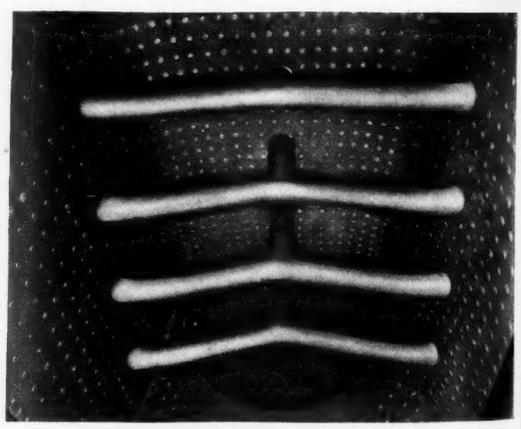
7 Million Miles

OF SUCCESSFUL OPERATION HAVE PROVED THE SECURITY CIRCULATOR

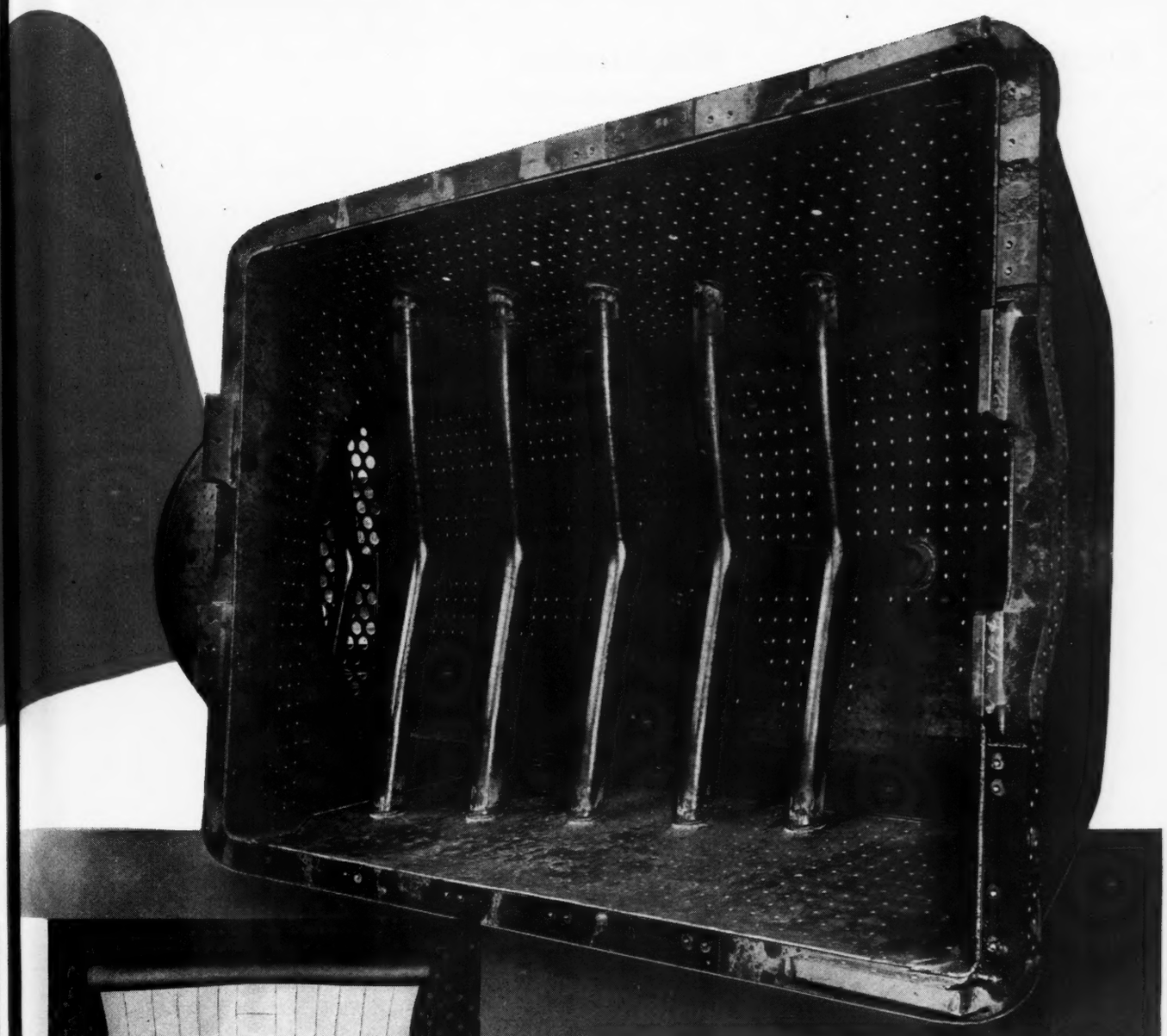
564 Security Circulators (371 of which were installed during the past 12 months) are operating on 20 railroads and have accumulated over 7 million locomotive miles, mostly in heavy, fast freight and passenger service. » » Some of these Circulator-equipped locomotives have operated over 300,000 miles. » » The Security Circulators in service have proved so successful that repeat orders are constantly being placed.



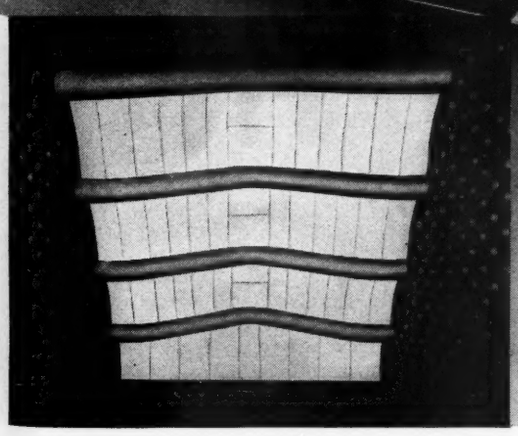
View illustrating the positioning of Security Circulators in an average size of locomotive firebox prior to installing the brick arch.

AMERICAN ARCH

Security Circulator Division



Firebox of one of ten 4-8-4 type locomotives recently built for a mid-western road — all equipped with Security Circulators.



Typical Security Circulator and brick Arch Installation in a locomotive firebox. The small sectional brick are as readily applied as in an ordinary arch tube firebox.

- ★ Improved Arch Support for the largest fireboxes
- ★ Adapted to any type of locomotive
- ★ Reduced honeycombing, flue plugging and cinder cutting
- ★ Improved circulation in side water legs

COMPANY, INC.

NEW YORK CHICAGO

Construction

CHESAPEAKE & OHIO.—This company has asked the Interstate Commerce Commission for authority to construct a line extending from Prestonsburg, Ky., to the end of the line, 10 miles.

THE NEW YORK, NEW HAVEN & HARTFORD.—A contract amounting to approximately $185,000 has been awarded the Mariani Construction Co., Inc., for reconstruction of approach trestles to the Pelham Bay Drawbridge, Baychester, N. Y.

CHICAGO, ROCK ISLAND & PACIFIC.—A contract has been awarded the Priester Construction Company, Rock Island, Ill., for a one-story addition, 50 ft. by 90 ft., of brick construction to the roundhouse at Silvis, Ill. The total cost of the work will be approximately $25,000.

FORT WORTH & DENVER CITY.—A contract amounting to $118,000 has been awarded the Austin Bridge Company, Dallas, Tex., by the Texas Highway Department for the construction of a railroad bridge and roadway approaches for an underpass for Lincoln street under a track of the Fort Worth & Denver City in Wichita Falls, Tex. The bridge will consist of a 40½-ft. I-beam span supported on reinforced concrete abutments and will have a waterproofed metal floor and ballast deck. It will provide a horizontal clearance of 38 ft. and a minimum vertical clearance of 14½ ft. for Lincoln street.

LOWRY FIELD.—WPA workers are engaged in grading a roadbed for a standard gage railroad 14 miles in length, to connect the two airports comprising Lowry Field, site of the Army Air Corps Technical School at Denver, Colo., with the Union Pacific.

MISSISSIPPI CENTRAL.—This company has been authorized by Division 4 of the Interstate Commerce Commission to construct a line extending from a point 2.5 miles south of Hattiesburg, Miss., in a southeasterly direction to Camp Shelby, seven miles.

PENNSYLVANIA.—Contracts have been awarded to the Peck & Udell Construction Co. of Cleveland, Ohio, for alterations to the passenger station at Mansfield, Ohio, and to the James McGraw Company of Philadelphia, Pa., for new platforms in the passenger station at Wilmington, Del.

WABASH.—A contract amounting to approximately $330,000 has been awarded Samuel Kraus & Company, and Israel Brothers, St. Louis, Mo., by the Missouri State Highway Department for the construction of a four-track grade separation bridge under tracks of the Wabash at Olive boulevard and Maple avenue in St. Louis and for the grading and paving of the highway approaches. The bridge, which will accommodate the combined traffic of Maple avenue, Olive boulevard and Skinker boulevard, will consist of two 48-ft. plate girder spans supported on a reinforced concrete pier and abutments.

Financial

ALABAMA, TENNESSEE & NORTHERN.—*Oral Argument.*—Oral argument in this company's reorganization case under section 77 of the Bankruptcy Act will be held in Washington, D. C., on November 15, before the Interstate Commerce Commission, according to an announcement from the Secretary's office.

BALTIMORE & OHIO.—*Abandonment.*—This company has asked the Interstate Commerce Commission for authority to abandon the Coal and Coke branch of its Monongah Division between Midvale, W. Va., and Adrian Junction, 12 miles, and to remove that part of the branch between Valuation Station 1019 plus 32 and Valuation Station 1648 plus 39.2, 11.9 miles, retaining that part of the line between Midvale and the bridge over the Middle Fork River as a side track.

BOSTON & MAINE.—*Plan of Exchange.*—W. S. Trowbridge, vice-president (finance) of this road, said holders of $1,422,500 out of a total of $96,567,500 of bonds who consented to the road's plan of exchange, have not yet made their exchange and accepted cash and new bonds or the entire amount in new bonds, according to their options. Mr. Trowbridge pointed out that those bond holders who have so far failed to exchange their old bonds "are losing the use of cash which is due them, and if they do not conclude the transaction prior to January 1, they will not have in hand the new coupons to cash for interest which will be due on that date."

CHESAPEAKE & OHIO.—*Abandonment.*—This road would now be permitted to abandon the 17.4-mile segment of its so-called Carter branch between Garrison, Ky., and Poplar if the Interstate Commerce Commission's Division 4 adopts a supplemental report proposed by Examiner A. G. Nye. Division 4's original report in the proceeding (Finance Docket No. 10139) authorized abandonment of the entire branch extending from Garrison to Carter, 19.7 miles; but a report on further hearing vacated the certificate authorizing abandonment of the Garrison-Poplar line. Abandonment of the latter was again sought in a supplemental application which is the basis of the present proposed report.

CHICAGO, BURLINGTON & QUINCY.—*Lease of the Fort Worth & Denver City by the Colorado & Southern.*—Acting on the protests of several cities and chambers of commerce in Texas, the Interstate Commerce Commission has reopened and assigned for oral argument before the full commission Finance Docket No. 12460, the application of the Colorado & Southern to lease the properties of the Fort Worth & Denver City and the Wichita Valley. Division 4 of the commission had approved the lease of the C. & S.'s two subsidiaries on July 31, but later postponed the effective date of the order indefinitely.

CHESAPEAKE & OHIO.—*Bonds.*—This company has been authorized by Division 4 of the Interstate Commerce Commission to (1) extend to March 1, 1992, the date of maturity of $604,000 of first mortgage, four per cent, gold bonds issued and outstanding under the first mortgage of the Greenbrier, date October 23, 1900, and maturing November 1, 1940; (2) assume liability as primary obligor in respect of the bonds; (3) reduce the interest rate for the extended period from four to 3½ per cent; and (4) sell the bonds at par to the Manufacturers Trust Company, as trustee under the first mortgage dated October 1, 1887, of the Covington & Cincinnati Elevated Railroad & Transfer & Bridge Company.

CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC.—*Reorganization.*—Reorganization of the Chicago, Milwaukee, St. Paul & Pacific under the plan proposed by the Interstate Commerce Commission was approved by the federal district court at Chicago on October 21.

CITY OF GALVESTON.—*Acquisition, Operation and Bonds.*—This city has asked the Interstate Commerce Commission for authority to acquire and operate a line of terminal railroad in the City of Galveston, Tex., 47 miles, and to acquire certain property of the Galveston Wharf Company. At the same time the City asked authority to issue $6,250,000 of revenue bonds to be secured by the property. The bond issue will be divided into two parts, series A and B, with the series A bonds in the sum of $3,750,000 maturing serially from August 1, 1941, to August 1, 1965 and bearing interest at the rate of 3½ per cent, while the series B bonds in the amount of $2,500,000 will mature August 1, 1970 and bear interest at the rate of four per cent.

DENVER & RIO GRANDE WESTERN.—*Abandonment.*—Examiner R. Romero has recommended in a proposed report that the Interstate Commerce Commission's Division 4 authorize this road to abandon its so-called Santa Fe branch, a 125.3-mile narrow-gage line extending from Antonito, Colo., to Santa Fe., N. M.

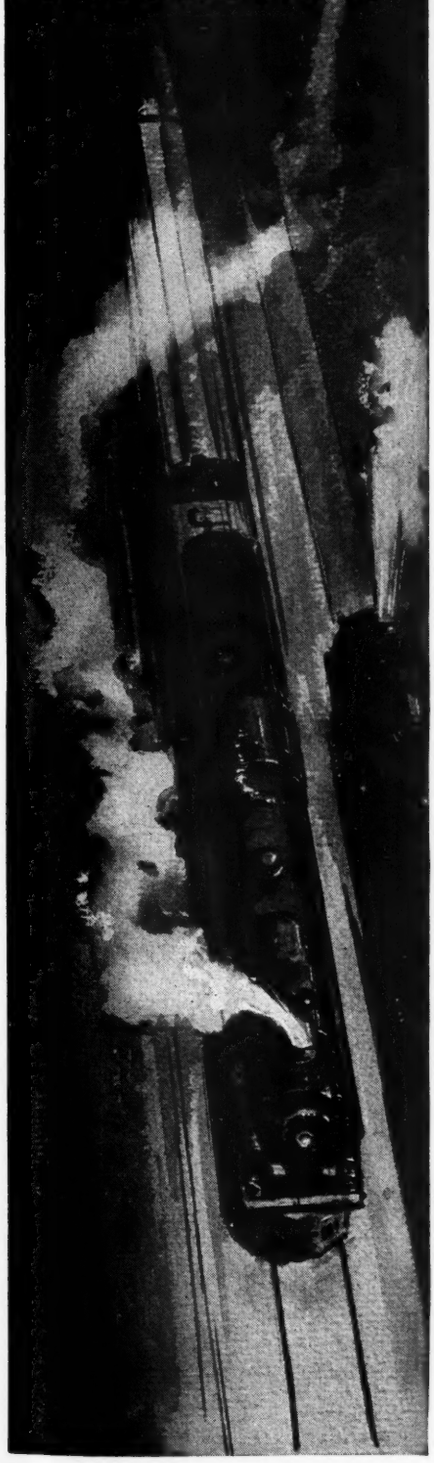
GREAT NORTHERN.—*Abandonment and Acquisition.*—Due to the submersion of its tracks brought about by the construction of the Grand Coulee Dam in Washington, this company has been granted authority by Division 4 of the Interstate Commerce Commission to abandon and acquire from the United States Government the following lines:

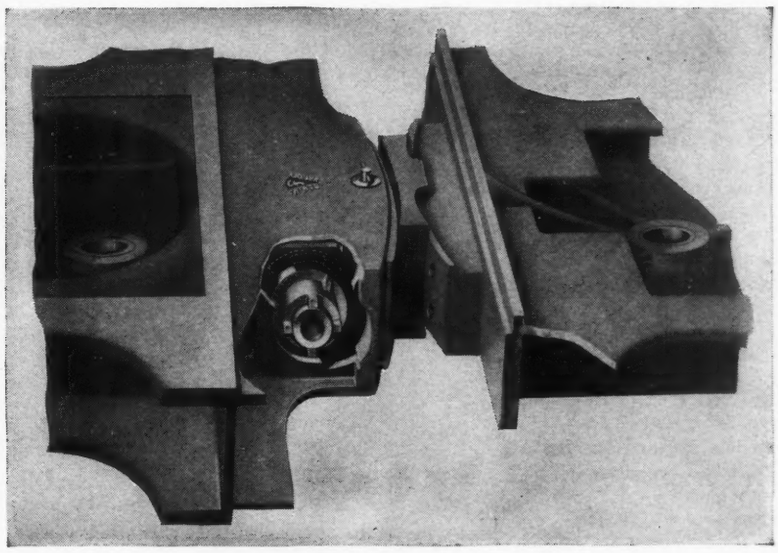
1. Nelson Line, abandon the line from Kettle Falls, Wash., to Evans, 10 miles and acquire from the government a similar amount of new line between the same towns;
2. Abandon a line from Bossburg, Wash., to Williams, 5.3 miles, and acquire from the government a similar amount of new line between the same points;
3. Republic Line, abandon a line from Marcus, Wash., to Boyds, six miles, and acquire from the government 12.7 miles of new line between Kettle Falls, Wash., and Boyds.

ILLINOIS CENTRAL.—*R. F. C. Loan and Bonds.*—In connection with its application to the Interstate Commerce Commission for approval of a $1,967,000 loan from the Reconstruction Finance Corporation, details of which were given in the *Railway*

Continued on next left-hand page

ESSENTIAL TO HIGH SPEED OPERATION OF MODERN LOCOMOTIVES





Modern power, with long overhang over the trailing truck, must have freedom of buffer movement in every direction, and full faced contact of the buffer surfaces at all times.

It is absolutely necessary on curved track, and safer at high speeds.

Franklin E-2 Radial Buffer provides this universal movement and full contact of the buffer surfaces. It also provides high frictional resistance to compression that effectively dampens oscillation between engine and tender and eliminates lost motion and subsequent destructive shocks to drawbars and pins.

Franklin E-2 Radial Buffer effectively reduces locomotive maintenance costs and adds immeasurably to the safety of high speed operation of modern locomotives.

Franklin Compensator and Snubber, twin of the Radial Buffer, is equally essential for that other important job of protecting the foundation of the locomotive.

No locomotive device is better than the replacement part used for maintenance. Genuine Franklin repair parts assure accuracy of fit and reliability of performance.

FRANKLIN RAILWAY SUPPLY COMPANY, INC.

NEW YORK CHICAGO MONTREAL

Age of October 12, page 528, this company has asked authority from the commission to substitute as collateral for the loan its own notes in place of its collateral trust bonds.

ILLINOIS CENTRAL.—*Equipment Trust Certificates and R. F. C. Financing.*—Division 4 of the Interstate Commerce Commission has approved a plan whereby this company will issue and sell to the Reconstruction Finance Corporation $11,016,000 of three per cent equipment trust certificates, maturing in 24 equal semiannual installments of $459,000 on May 1 and November 1 in each of the years from 1941 to 1952, inclusive. The proceeds will constitute the bulk of the purchase price of equipment costing a total of $11,094,362.

As in previous cases of this type where the R. F. C. advances almost the entire purchase price of new equipment, Commissioner Porter dissented, saying that his reasons had been stated many times before in other cases. It has consistently been Commissioner Porter's position that the law did not intend that the R. F. C. should loan the entire amount of the cost of new equipment or virtually the entire amount.

ILLINOIS CENTRAL.—*Abandonment by the Yazoo & Mississippi Valley.*—The Yazoo & Mississippi Valley would not be permitted to abandon its line extending from a point 2.1 miles south of the depot at Greenville, Miss., through Hampton, to Riverside Junction, 35.8 miles, together with the Glen Allen branch extending west from Hampton, Miss., to Glen Allen, two miles, if Division 4 of the Interstate Commerce Commission adopts a recommended order of its Examiner Jerome K. Lyle.

After finding that there is a "substantial present and prospective need for the railroad service in the territory served by the lines," Examiner Lyle warns that the shippers interested in preserving the operations "need be made fully aware that if their traffic is shipped by competing forms of transportation and railroad revenues decrease, the applicant should not be expected to operate its property at a loss for the benefit of those few who are forced to use the line or find it convenient on certain occasions."

LOUISVILLE & NASHVILLE.—*Abandonment.*—This company has asked the Interstate Commerce Commission for authority to abandon a line extending from O'Fallon Junction, Ill., to O'Fallon, six miles.

NEW YORK CENTRAL.—*Abandonment by Boston & Albany.*—This company and the Boston & Albany have asked the Interstate Commerce Commission for authority to abandon the operation of the so-called Webster branch (also known as the Providence, Webster & Springfield), extending from Webster Junction, Mass., to Webster, 11 miles.

NEW YORK CENTRAL.—*Federal Tax Deficiencies and Overpayment.*—This company and the Board of Tax Appeals have reached a stipulation to the effect that the Central is deficient in the amount of $1,008,727 in income taxes for the years 1925, 1926, and 1927. It was also agreed that the Central had made an overpayment in income taxes of $239,160 in 1924.

At the same time the Central's subsidiary, the Cleveland, Cincinnati, Chicago & St. Louis agreed to deficiencies of $300,189 for the years 1925 to 1928, inclusive.

NEW YORK, NEW HAVEN & HARTFORD.—*Abandonment by the Hartford & Connecticut Western.*—The Hartford & Connecticut Western and the New York, New Haven & Hartford, respectively, have been authorized by Division 4 of the Interstate Commerce Commission to abandon a line and the operation of a line extending from Canaan, Conn., to East Canaan, 2.3 miles.

PENNSYLVANIA.—*Trackage Rights.*—This company has asked the Interstate Commerce Commission for authority to acquire trackage rights over the so-called Sponsler branch, operated by the Chicago, Milwaukee, St. Paul & Pacific in Greene County, Ind., 4.4 miles and to construct and operate a connecting track, 580 ft.

PORT ISABEL & RIO GRANDE VALLEY.—*Abandonment.*—This road has been authorized by the Interstate Commerce Commission, Division 4, to abandon its entire line between Brownsville, Tex., and Port Isabel, 26 miles; and to abandon operation over the line of the Brownsville Navigation District.

Construction and Purchases by Missouri Pacific Affiliates.—In the same decision the commission authorized the San Benito & Rio Grande Valley to construct a 3.6-mile connecting track from Abney, Tex., to a point near milepost 16.8 on the Port Isabel & Rio Grande Valley line, and to purchase and operate the 9.3-mile segment of the P. I. & R. G. V. between such connection and Port Isabel. Also, the St. Louis, Brownsville & Mexico is authorized to purchase and operate that part of the P. I. & R. G. V. extending from a connection with the tracks of the Brownsville Navigation District westerly approximately 5.3 miles to the end of the line in Brownsville, and to operate under trackage rights over the Navigation District's 0.39-mile line. The construction of the aforementioned 3.6-mile connecting track must be commenced before December 1, and be completed on or before April 1, 1941.

SEABOARD AIR LINE.—*Equipment Trust Certificates.*—The Interstate Commerce, Division 4, has approved a plan whereby this road will issue $1,120,000 of three per cent equipment trust certificates, series II, to be sold at par and accrued dividends to the Reconstruction Finance Corporation. The certificates will mature in 14 equal annual installments of $80,000 on November 1 in each of the years 1941 to 1954, inclusive.

SOUTHERN.—*Equipment Trust Certificates.*—The Mellon Securities Corporation, New York, and associates offered publicly on October 22 a $3,000,000 issue of 1⅞ per cent equipment trust certificates of this road at prices to yield from 0.30 to 2.15 per cent for maturities from December 1, 1941, to 1950. The banking group was awarded the issue on a bid of 100.57.

SOUTHERN PACIFIC.—*Abandonment.*—This company has asked authority from the Interstate Commerce Commission to abandon its Pernu branch extending from Pernu Junction, Calif., to Pernu, 1.5 miles.

VIRGINIAN.—*Bonds.*—This company has asked the Interstate Commerce Commission for authority to issue $2,427,000 of first and refunding mortgage 3¾ per cent bonds, series B, due March 1, 1966, to capitalize in part additions and betterments between March 1, 1936, and August 31, 1940, totaling $3,236,444. The improvements and betterments will be capitalized to the extent of 75 per cent of the fair value of the property, and the bonds will not be sold at this time but will be held in the company's treasury.

WESTERN PACIFIC.—*Extension of R. F. C. Loan and Certificates of Indebtedness.*—This company has asked the Interstate Commerce Commission to approve an extension of a $10,000,000 Reconstruction Finance Corporation loan to this company to December 1, 1941. The loan originally expired on December 1, 1939, but has been extended to December 1 of this year. At the same time the company sought I. C. C. approval to extend for a similar period the same amount of certificates of indebtedness which were given to the R. F. C. as collateral security for the loan. The petition states that the company does not have the funds to pay the loan at this time, and because of litigation concerning the reorganization of the road, it does not know when funds will be available for this purpose.

WHEELING & LAKE ERIE.—*Equipment Trust Certificates.*—This company has asked the Interstate Commerce Commission for authority to assume liability for $1,550,000 of serial equipment trust certificates, maturing in equal annual installments on November 15 of each of the years from 1941 to 1950, inclusive. The interest rate has not been fixed, but the petition states that the company will not pay more than two per cent interest for the money. The proceeds will be used as part payment of the purchase price of equipment costing a total of $2,242,466 and consisting of seven 2-8-4 freight locomotives and 500 all-steel 50-ton box cars.

Average Prices of Stocks and Bonds

	Oct. 22	Last week	Last year
Average price of 20 representative railway stocks..	30.16	29.99	35.01
Average price of 20 representative railway bonds..	60.56	60.14	60.19

Dividends Declared

Richmond, Fredericksburg & Potomac.—7 Per Cent Guaranteed Preferred, $3.50, semi-annually, payable November 1 to holders of record October 31; 6 Per Cent Guaranteed Preferred, $3.00, semi-annually, payable November 1 to holders of record October 31. A dividend of $3.50 on the 7 Per Cent Guaranteed Preferred and a $3.00 dividend on the 6 Per Cent Guaranteed Preferred have also been declared payable May 1 to holders of record April 30.

THE LONG ISLAND reported a new record in shuttle traffic between Pennsylvania station, New York, and the World's Fair for the three consecutive week-ends this season. On Saturday and Sunday, September 21 and 22, the road carried a total of 265,432 passengers to and from the exposition. This compares with 239,325 passengers carried on the previous week-end. The 141,525 passengers carried in and out of the World's Fair station on Sunday established a new daily high for 1940, exceeding the 138,936 passengers on the best previous day—Labor Day, September 2.

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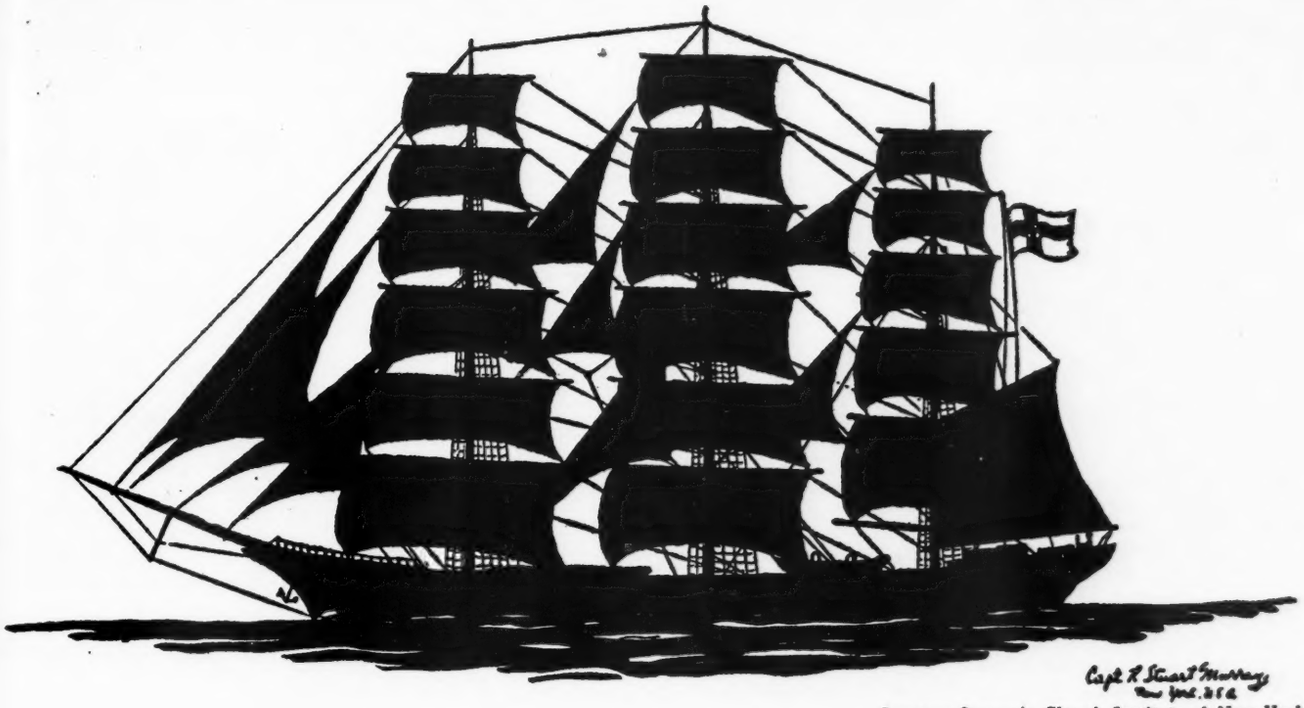

Courtesy Seamen's Church Institute of New York

TIMES HAVE CHANGED

Improvement in ship propulsion has been brought about by the use of steam.

Improvement in locomotive operation has been brought about by the use of *exhaust* steam for heating feed water—by reclaiming and utilizing waste heat.

For this purpose, two types of Elesco equipment are available: the closed or non-contact heater type, the open or exhaust-steam-injector type. Each type satisfies certain conditions or preferences. But the result with either type is the saving of a considerable part of the heat, otherwise wasted up the stack, and returning this heat to the boiler through the feed water.

The wide application of both types of Elesco feed water heating equipment, and the operating improvement and increased economy they effect, warrant investigation of their possibilities on your power.

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Railway Officers

EXECUTIVE

E. J. O'Connor, vice-president and general manager of the Okmulgee Northern, with headquarters at Okmulgee, Okla., has resigned to become general manager and treasurer of the Associated Industries of Oklahoma, a statewide organization of employers.

M. C. LaBertew, whose promotion to vice-president and general manager of the Spokane, Portland & Seattle, with headquarters at Portland, Ore., was announced in the *Railway Age* of September 21, entered railway service in 1901, as a telegrapher on the Great Northern at Big Sandy, Mont. In 1903, he left the Great Northern and worked for various railroads until 1911, when he became a telegrapher for the S. P. & S. at Vancouver, Wash. During the next five years he received several promotions, becoming trainmaster and steamship agent of the S. P. & S. and the Great Northern Pacific Steamship Company, respectively, at Flavel, Ore. In 1916, he went with the Great Northern as trainmaster at Great Falls, Mont., and in October, 1917, he was promoted to division superintendent, with headquarters at Havre, Mont. Two years later Mr. LaBertew was transferred to Kalispell, Mont., and in April, 1934, he was appointed superintendent of the S. P. & S., with headquarters at Portland, the position he held until his recent promotion.

Harry R. Gernreich, whose election as vice-president and general manager of the Northwestern Pacific and of the Petaluma & Santa Rosa, with headquarters at Sausalito, Cal., was announced in the *Railway Age* of October 12, was born at Oakland, Cal., on November 24, 1885, and entered railway service in 1902 as a car cleaner on the Southern Pacific. In 1903, he was advanced to car repairer and a year later he became a freight brakeman. In 1908, he was promoted to conductor and later

Harry R. Gernreich

became a yardman and engine foreman. Mr. Gernreich was promoted to yardmaster in 1912, trainmaster in 1915, and assistant superintendent of the Los Angeles division in 1925. In 1931, he was transferred to the Western division, with headquarters at Oakland Pier, Cal., and in March, 1938, he was appointed superintendent of the Northwestern Pacific, with headquarters at Sausalito, the position he held until his recent appointment.

FINANCIAL, LEGAL AND ACCOUNTING

Edgar W. Young, assistant general solicitor of the Baltimore & Ohio, has been appointed general solicitor, with headquarters as before at Baltimore, Md.

William F. Peter, assistant general counsel of the Chicago, Rock Island & Pacific, has been promoted to general solicitor, with headquarters as before at Chicago, succeeding **William F. Dickinson,** whose death on October 8, was announced in the *Railway Age* of October 12.

TRAFFIC

George R. Fairhead whose appointment as general freight traffic manager of the Canadian National at Montreal, Que.,

George R. Fairhead

was reported in the *Railway Age* of October 19, was born in Toronto, Ont. He began his railroad service in January, 1896, as a junior clerk in the office of the division freight agent of the Grand Trunk (Canadian National) at Toronto. He then served in various office and soliciting positions in the freight department, and in 1910, was appointed commercial agent at Hamilton, Ont. Mr. Fairhead became division freight agent at Toronto in 1919 and in 1927 was transferred to Hamilton in a similar capacity. In January, 1930, Mr. Fairhead went to Montreal as general freight agent, and in April, 1939, he became assistant freight traffic manager at Montreal, the position he held until his recent appointment as general freight traffic manager.

Ephraim Rigg, member, Western Trunk Line Standing Rate Committee, has been appointed assistant general freight traffic manager of the Chicago, Rock Island & Pacific, a newly created position, with headquarters at Chicago. Mr. Rigg was born at Wilmington, N. C., on August 27, 1892, and entered railway service in December, 1906, as a messenger on the Rock Island at Kansas City, Mo., later serving as file clerk, tariff clerk and rate

Ephraim Rigg

clerk at that point. In April, 1914, he was promoted to chief clerk in the commercial agent's office at St. Joseph, Mo., and in October, 1915, he returned to Kansas City as a rate clerk. Mr. Rigg was advanced to acting chief clerk in October, 1918, and to chief clerk in March, 1920. In August, 1925, he was promoted to assistant general freight agent, with headquarters at Chicago, and in September, 1935, to general freight agent. He was appointed member, Western Trunk Line Standing Rate Committee at Chicago in May, 1940, the position he held until his recent appointment which was effective October 16.

M. F. Van Horn, district passenger agent for the Pennsylvania at San Francisco, Cal., has been promoted to western passenger agent, with the same headquarters.

J. A. Carlson has been appointed general freight agent in charge of solicitation for the Manufacturers' Junction Railway, with headquarters at Cicero, Ill., succeeding **J. F. Cummins,** traffic manager, who has been assigned to other duties.

Hardie L. Johnston, traveling freight agent for the Wabash at Houston, Tex., has been promoted to general agent, freight department, at San Antonio, Tex., succeeding **A. B. Green,** who has been appointed traveling freight agent at Memphis, Tenn.

C. C. Weedin, general freight and passenger agent on the Union Pacific at Kansas City, Mo., has been promoted to assistant general freight agent, with headquarters at Omaha, a newly created position, and **K. T. Mindemann,** general agent, freight department, at Kansas City, has been promoted to general freight and passenger agent at that point, succeeding Mr. Weedin. **J. L. Brechin,** chief clerk in the New York office, has been advanced to general agent, freight department, at Kansas City, replacing Mr. Mindemann.

Fred C. Hogue, assistant traffic manager on the Denver & Rio Grande Western, with headquarters at Chicago, has been promoted to acting general traffic manager, with headquarters at Denver, Colo., succeeding **James W. Hill,** whose

Continued on next left-hand page

appointment as freight traffic manager of the Chicago, Rock Island & Pacific, with headquarters at Chicago, was announced in the *Railway Age* of October 19, and **G. W. Wahlberg,** perishable freight agent at Chicago, has been advanced to assistant

Fred C. Hogue

traffic manager, with the same headquarters, relieving Mr. Hogue. **Oliver J. Grimes,** assistant traffic manager, with headquarters at Salt Lake City, Utah, has been promoted to assistant to the general traffic manager, a newly created position, with headquarters at Denver, and **W. C. Howe,** commercial agent at Salt Lake City, has been advanced to assistant traffic manager at that point, replacing Mr. Grimes. **A. G. Winter,** chief clerk in the general traffic office at Denver, has been promoted to assistant general freight agent-tariffs, with the same headquarters.

Mr. Hogue was born at Burlington Jct., Mo., on September 6, 1889, and entered railway service on July 5, 1905, as a station helper on the Chicago, Burlington & Quincy, at Tarkio, Mo. He learned telegraphy and later became a telegraph operator on that division. In September, 1909, he went with the D. & R. G. W. as a telegraph operator on the First division (now

Oliver J. Grimes

the Pueblo division) and in 1917 he was appointed agent at Trinidad, Colo. On August 11, 1921, Mr. Hogue was promoted to general agent at Grand Junction, Colo., and in February, 1925, he was transferred to Kansas City, Mo. In April, 1927, he was transferred to Detroit, Mich., and on December 1, 1933, he was advanced to assistant traffic manager, with headquarters at Chicago, the position he held until his recent promotion, which was effective October 16.

Mr. Grimes was born at Mt. Meridan, Ind., on October 11, 1880, and entered railway service in October, 1900, as a telegrapher on the Vandalia (now part of the Pennsylvania) at Terre Haute, Ind., later serving as station agent and dispatcher at that point. In June, 1905, he went with the Chicago & Eastern Illinois as a dispatcher and later served as assistant chief dispatcher at Salem, Ill. Two years later he went with the St. Louis-San Francisco as chief dispatcher at Chaffee, Mo., and thereafter served the Union Pacific as a dispatcher at Sharon Springs, Kan., and the Oregon Short Line (now part of the Union Pacific) as a dispatcher and assistant chief dispatcher at Salt Lake City. In December, 1912, Mr. Grimes left railroad service to work in the editorial department of the Salt Lake Telegram and six months later he was appointed dispatcher on the D. & R. G. W. at Salt Lake City. Three months later he left railroad service again to go with the editorial department of the Salt Lake Tribune. In September, 1918, he was appointed secretary to the Governor of Utah and in January, 1921, he was appointed a member of the Utah State Tax Commission. From January, 1925, to July, 1926, he again served as secretary to the Governor of Utah, returning on the latter date to the Salt Lake Tribune. In October, 1929, he was appointed executive secretary of the Utah Coal Producer's Association and from February, 1931, to August, 1932, he served as executive secretary of the Committee of Ten at Chicago. On the latter date, Mr. Grimes was appointed assistant to the director of the Reconstruction Finance Corporation, with headquarters at Washington, D. C., and in October, 1933, he was appointed executive assistant to the Secretary of War. Mr. Grimes returned to railroad service in January, 1937, as assistant traffic manager of the D. & R. W., with headquarters at Salt Lake City, the position he held until his recent promotion, effective October 16.

ENGINEERING AND SIGNALING

Leigh B. Elliott, division engineer on the Cleveland, Cincinnati, Chicago & St. Louis (Big Four), with headquarters at Springfield, Ohio, has been appointed division engineer on the New York Central, with headquarters at Cleveland, Ohio, succeeding **Howard B. Lincoln,** whose death on October 8 is announced elsewhere in these columns.

A. D. Ferguson, construction engineer on the Montreal terminal development of the Canadian National, has been appointed engineer of construction, with headquarters at Montreal, Que., taking over the duties performed by the late **C. S. Gzowski,** chief engineer of construction, whose death on September 7 was reported in the *Railway Age* of September 14. Mr. Ferguson was born in Cardiff, Wales, and was graduated from the Universities of Oxford and Wales. Upon completion of his courses he went to Canada and in 1911 entered the service of the Grand Trunk Pacific, being employed in the construction of the Tofield-Calgary line. Afterwards he joined the Canadian Northern (Ontario lines) and worked on the construction of the Nipi-

A. D. Ferguson

gon-Orient Bay section. His next employment was on the construction of the Hudson Bay railway working into Nelson, the original terminus of the route. In November, 1926, Mr. Ferguson joined the Canadian National as engineer in the Bureau of Economics, and with the resumption of work on the Montreal terminal development was appointed construction engineer on that undertaking, the position he held at the time of his recent appointment.

MECHANICAL

John F. Ryan, day roundhouse foreman and general foreman on the Louisville & Nashville at Ravenna, Ky., has been promoted to master mechanic at that point, succeeding **P. R. Mitchell,** who has been transferred to Howell, Ind., replacing **B. E. Dupont,** deceased.

PURCHASES AND STORES

J. W. Hagerty, office manager in the purchasing department of the Pennsylvania at Philadelphia, Pa., has been promoted to assistant purchasing agent, with headquarters at Chicago, a newly created position. Mr. Hagerty was born at Allerton, Pa., and entered railway service with the track maintenance forces of the Pennsylvania at Pittsburgh, Pa., in 1901. He subsequently held various clerical positions and in 1920 became chief clerk in the maintenance of way department in the Pittsburgh terminal. Later, in the same year, he was transferred to the purchasing department at Pittsburgh as an accountant. On February 16, 1924, Mr. Hagerty was promoted to office manager in the system purchasing office at Philadelphia, the position he held until his recent promotion.

OBITUARY

Howard B. Lincoln, division engineer on the New York Central, with headquarters at Cleveland, Ohio, died suddenly in that city on October 8.

H. G. Becker, shop superintendent on the Delaware & Hudson, with headquarters at Colonie, N. Y., died on October 10 at Albany hospital, after an operation. He was 55 years old.

Table of Freight Operating Statistics appears on next left-hand page

Freight Operating Statistics of Large Steam Railways—Selected Items for the Month of August,

Region, road, and year	Miles of road operated	Train-miles	Locomotive-miles: Principal and helper	Locomotive-miles: Light	Car-miles: Loaded (*thousands*)	Car-miles: Per cent loaded	Ton-miles (*thousands*): Gross excluding locomotives and tenders	Ton-miles (*thousands*): Net revenue and non-revenue	Number of road locomotives on line: Serviceable: Not stored	Number of road locomotives on line: Serviceable: Stored	Number of road locomotives on line: Unserviceable	Number of road locomotives on line: Per cent unserviceable
New England Region:												
Boston & Albany 1940	362	136,361	140,904	9,663	2,949	65.0	174,682	64,997	57	8	20	23.5
1939	362	117,347	120,512	8,084	2,672	66.7	149,217	52,221	50	13	25	28.4
Boston & Maine 1940	1,892	282,451	313,771	22,869	9,397	69.4	528,182	201,869	128	..	44	25.6
1939	1,915	262,956	287,764	21,095	8,692	68.9	483,891	180,399	123	2	50	28.6
N. Y., New Hav. & Hartf...1940	1,844	337,769	423,530	27,498	11,788	66.7	648,299	245,744	191	9	50	25.3
1939	1,845	323,606	403,824	24,808	11,241	66.1	613,042	227,438	180	6	75	29.4
Great Lakes Region:												
Delaware & Hudson.....1940	846	240,065	297,424	32,596	8,329	63.2	532,181	251,162	137	41	78	30.5
1939	847	221,111	287,147	29,678	7,300	64.9	450,860	210,163	137	41	65	26.7
Del., Lack. & Western.....1940	983	343,801	384,910	50,410	12,452	68.9	725,272	290,482	138	13	51	25.2
1939	983	328,717	365,789	49,159	11,368	69.1	644,558	249,671	113	15	82	39.0
Erie (incl. Chi. & Erie)....1940	2,268	722,250	766,447	48,959	32,047	65.2	2,017,281	779,583	237	25	161	38.1
1939	2,290	649,338	689,065	36,101	28,134	65.5	1,731,690	637,679	217	29	224	47.7
Grand Trunk Western.....1940	1,023	218,132	221,790	1,447	6,742	63.0	417,267	151,783	70	11	18	18.2
1939	1,023	211,147	211,795	1,292	5,675	63.4	344,239	122,424	64	7	29	29.0
Lehigh Valley 1940	1,252	320,680	347,187	47,914	12,518	66.7	790,213	342,453	120	6	93	42.5
1939	1,265	284,797	312,892	46,203	11,380	66.5	702,414	293,462	116	..	109	48.4
New York Central.....1940	10,563	2,717,239	2,894,473	193,470	92,838	60.9	6,410,157	2,803,383	913	137	322	23.5
1939	10,609	2,404,976	2,545,620	158,714	78,947	60.0	5,412,576	2,295,629	813	160	464	32.3
N. Y., Chicago & St. Louis..1940	1,672	519,674	529,179	6,636	19,424	63.8	1,202,962	465,059	166	14	18	9.1
1939	1,672	471,153	476,592	5,750	17,234	63.9	1,038,117	379,943	147	11	40	20.2
Pere Marquette 1940	2,080	346,310	354,026	8,290	9,564	63.1	607,773	248,459	112	4	41	26.1
1939	2,081	321,225	325,605	5,165	8,056	61.7	527,807	209,760	105	9	47	29.2
Pittsburgh & Lake Erie.....1940	233	90,296	93,815	.....	3,889	62.8	336,725	196,338	38	8	17	27.0
1939	233	65,953	67,605	.....	3,082	62.7	267,839	156,504	35	9	31	41.3
Wabash 1940	2,397	548,623	560,116	11,422	17,733	64.8	1,068,078	388,400	127	19	118	44.7
1939	2,397	517,890	528,650	10,922	16,031	65.0	951,188	335,226	135	10	125	46.3
Central Eastern Region:												
Baltimore & Ohio.....1940	6,261	1,601,431	2,013,119	219,136	53,512	62.5	3,759,540	1,744,129	733	126	339	28.3
1939	6,269	1,427,099	1,752,673	189,070	45,898	62.4	3,201,094	1,462,229	629	82	495	41.0
Central of New Jersey.....1940	679	165,485	184,916	32,382	5,251	61.0	369,898	175,597	78	10	59	40.1
1939	679	150,722	170,075	28,881	4,564	61.3	314,979	147,871	70	5	82	52.2
Chicago & Eastern Illinois...1940	925	172,012	172,457	3,199	4,314	66.7	270,005	116,269	61	1	29	31.9
1939	927	161,192	161,706	2,944	3,894	67.2	236,664	99,465	52	4	37	39.8
Elgin, Joliet & Eastern.....1940	390	112,229	113,328	1,570	2,911	68.3	230,120	112,878	60	..	18	23.1
1939	390	89,142	90,333	1,598	2,197	60.3	166,685	79,990	53	7	23	27.7
Long Island 1940	375	26,605	27,869	16,195	257	51.7	19,685	7,525	26	9	13	27.1
1939	375	23,990	25,013	16,001	241	50.3	18,723	7,053	31	6	11	22.9
Pennsylvania System 1940	9,966	3,113,328	3,749,484	435,069	119,758	61.7	8,407,567	3,863,603	1,290	154	769	34.7
1939	9,967	2,554,438	3,085,201	356,410	99,643	61.6	6,820,046	3,031,403	1,099	125	1,066	46.6
Reading 1940	1,442	428,361	477,969	57,652	13,050	62.3	958,349	477,590	201	17	150	40.8
1939	1,442	383,672	419,217	45,951	10,940	61.5	786,678	378,998	187	11	167	45.8
Pocahontas Region:												
Chesapeake & Ohio.....1940	3,044	921,888	973,129	44,628	43,720	57.5	3,694,019	2,049,221	385	42	78	15.4
1939	3,055	886,136	928,606	40,071	41,064	56.0	3,523,740	1,915,376	364	42	118	22.5
Norfolk & Western.....1940	2,169	691,042	723,247	38,088	32,926	58.1	2,753,619	1,473,947	294	31	24	6.9
1939	2,169	670,977	699,334	36,291	29,995	57.7	2,531,975	1,351,997	270	49	44	12.1
Southern Region:												
Atlantic Coast Line.....1940	5,074	561,918	564,916	8,058	12,193	64.2	731,779	277,051	269	38	40	11.5
1939	5,077	526,729	529,722	8,026	10,880	63.0	630,723	220,526	225	42	107	28.6
Central of Georgia.....1940	1,831	261,838	264,007	3,833	5,557	72.2	311,539	125,588	93	..	27	22.5
1939	1,838	235,170	235,999	3,402	4,897	71.9	268,094	102,666	92	..	28	23.3
Illinois Central (incl. 1940	6,557	1,230,493	1,234,095	23,138	36,833	61.3	2,417,340	1,000,462	561	76	164	20.5
Y. & M. V.).....1939	6,537	1,169,589	1,181,134	21,118	33,873	61.4	2,193,077	887,977	529	90	230	27.1
Louisville & Nashville.....1940	4,862	1,169,235	1,268,407	35,262	30,069	60.0	2,162,405	1,057,531	352	38	85	17.9
1939	4,897	1,056,088	1,139,465	29,666	26,543	59.9	1,897,465	910,226	324	15	203	37.5
Seaboard Air Line.....1940	4,301	504,535	526,511	4,384	12,676	65.3	764,590	310,195	233	26	43	14.2
1939	4,305	455,086	468,785	3,193	11,122	65.0	647,879	250,917	216	31	56	18.5
Southern 1940	6,548	1,425,915	1,452,506	20,171	33,107	67.8	1,921,643	783,761	498	..	143	22.3
1939	6,586	1,313,698	1,332,937	20,724	30,233	66.5	1,759,761	699,410	484	3	172	26.1
Northwestern Region:												
Chicago & North Western....1940	8,319	901,330	937,534	19,214	27,413	62.9	1,813,051	690,283	332	25	247	40.9
1939	8,326	884,999	907,698	18,525	26,258	63.2	1,690,291	643,321	310	69	288	43.2
Chicago Great Western.....1940	1,447	247,680	249,109	6,291	7,384	63.1	462,028	169,257	66	5	17	19.3
1939	1,450	250,771	255,244	5,591	7,320	61.2	464,564	165,734	62	4	23	25.8
Chi., Milw., St. P. & Pac....1940	10,874	1,285,344	1,338,536	51,810	38,906	61.5	2,566,786	1,070,765	444	52	117	19.1
1939	10,882	1,289,935	1,336,070	47,312	36,691	60.5	2,423,009	982,191	445	65	156	23.4
Chi., St. P., Minneap. & Om..1940	1,619	238,310	252,209	11,449	5,427	66.0	344,446	141,090	109	13	11	8.3
1939	1,619	244,207	254,828	11,303	5,560	66.7	351,122	145,707	113	14	14	9.9
Great Northern 1940	7,973	1,064,619	1,063,585	34,672	36,791	57.5	2,854,135	1,341,495	383	30	111	21.2
1939	7,976	952,857	950,224	31,090	33,692	59.2	2,536,832	1,149,341	370	24	154	28.1
Minneap., St. P. & S. S. M..1940	4,250	462,739	470,600	5,086	11,380	61.3	751,814	335,239	129	..	4	3.0
1939	4,265	414,524	423,827	4,325	10,174	60.5	650,465	273,114	119	..	24	16.8
Northern Pacific 1940	6,423	800,465	850,911	51,639	28,004	65.8	1,776,413	742,278	332	42	68	15.4
1939	6,423	742,222	787,501	42,814	25,075	64.7	1,621,105	675,937	333	18	88	20.0
Central Western Region:												
Alton 1940	914	205,141	216,311	1,031	4,589	64.4	287,468	107,274	54	8	19	23.5
1939	914	223,227	239,153	1,120	4,764	60.8	313,230	123,099	51	13	22	25.6
Atch., Top. & S. Fe (incl. G. 1940	13,414	1,959,718	2,100,262	110,397	56,057	61.6	3,681,681	1,233,281	605	67	164	19.6
C. & S. F. & P. & S. F.)..1939	13,447	1,789,622	1,906,870	81,800	48,787	60.7	3,198,079	1,025,372	586	64	249	27.7
Chicago, Burl. & Quincy....1940	8,924	1,152,746	1,175,588	41,972	34,497	61.2	2,203,918	857,804	406	54	90	16.4
1939	8,992	1,138,578	1,169,657	36,974	32,023	62.0	2,040,713	789,360	415	47	90	16.3
Chi., Rock I. & Pac.....1940	7,867	1,101,847	1,114,372	9,108	27,486	59.6	1,771,024	665,330	325	42	165	31.0
1939	7,830	1,045,689	1,060,064	6,842	25,170	61.3	1,591,469	601,478	317	75	169	30.1
Denver & Rio Gr. Western..1940	2,554	339,663	385,115	46,912	9,871	61.1	651,648	247,214	142	27	18	9.6
1939	2,555	308,478	345,444	39,768	8,313	61.5	546,070	206,918	157	11	25	13.0
Southern Pac.—Pac. Lines...1940	8,535	1,632,861	1,765,829	207,360	55,793	63.4	3,643,542	1,294,876	613	24	133	17.3
1939	8,554	1,538,835	1,671,556	203,864	49,047	61.0	3,221,800	1,116,213	614	26	134	17.3
Union Pacific.....1940	9,898	2,171,949	2,253,391	137,291	69,783	61.8	4,362,457	1,494,612	596	48	202	23.9
1939	9,900	1,948,204	2,019,033	105,860	62,800	62.3	4,049,977	1,388,894	553	43	275	31.6
Southwestern Region:												
Mo.-Kansas-Texas Lines 1940	3,281	381,680	383,960	4,910	9,275	65.6	546,190	202,364	83	1	94	52.8
1939	3,282	371,318	373,809	5,220	8,951	62.6	541,536	195,324	81	2	118	58.7
Missouri Pacific 1940	7,116	1,097,352	1,127,585	24,359	31,328	62.7	2,019,429	796,166	382	64	72	13.9
1939	7,124	1,065,385	1,098,357	23,517	29,553	61.1	1,927,058	746,127	372	50	122	22.4
Texas & Pacific.....1940	1,882	239,869	239,869	2,336	7,774	67.4	468,916	173,453	69	22	98	51.9
1939	1,932	247,531	247,531	1,638	7,626	63.4	468,186	170,810	78	12	97	51.9
St. Louis-San Francisco.....1940	4,776	641,565	651,717	9,028	14,528	60.6	931,229	364,240	262	64	31	8.7
1939	4,784	688,795	695,224	9,418	14,075	59.8	898,648	344,228	242	55	41	12.1
St. Louis Southw. Lines.....1940	1,633	288,577	232,578	3,043	6,711	70.6	385,982	125,670	69	28	15	13.4
1939	1,673	227,872	228,972	3,016	6,000	68.0	345,495	130,233	64	33	13	11.8
Texas & New Orleans.....1940	4,415	585,555	585,559	4,624	14,133	67.5	878,881	353,782	206	11	47	17.8
1939	4,415	532,948	532,987	4,466	12,657	65.7	788,181	307,325	202	19	55	19.9

Compiled by the Bureau of Statistics, Interstate Commerce Commission. Subject to revision.

1940, Compared with August 1939, for Roads with Annual Operating Revenues Above $25,000,000

Region, road, and year	Number of freight cars on line: Home	Foreign	Total	Per cent unserviceable	Gross ton-miles per train-hour, excluding locomotives and tenders	Gross ton-miles per train-mile, excluding locomotives and tenders	Net ton-miles per train-mile	Net ton-miles per loaded car-mile	Net ton-miles per car-day	Car-miles per car-day	Net ton-miles per mile of road per day	Pounds of coal per 1,000 gross ton-miles, including locomotives and tenders	Locomotive miles per locomotive-day
New England Region:													
Boston & Albany 1940	873	4,374	5,247	1.8	21,959	1,302	484	22.0	397	27.7	5,792	141	61.5
1939	1,146	3,952	5,098	2.6	20,494	1,282	449	19.5	330	25.3	4,653	142	50.9
Boston & Maine 1940	4,795	6,178	10,973	4.9	26,951	1,875	717	21.5	578	38.7	3,442	92	67.2
1939	5,896	6,036	11,932	6.1	25,943	1,846	688	20.8	475	33.2	3,039	92	60.2
N. Y., New Hav. & Hartf. 1940	6,323	11,529	17,852	5.2	28,061	1,953	740	20.8	445	32.0	4,299	100	64.5
1939	7,573	10,196	17,769	7.9	27,410	1,925	714	20.2	408	30.5	3,977	95	59.1
Great Lakes Region:													
Delaware & Hudson 1940	7,976	3,606	11,582	3.8	33,871	2,229	1,052	30.2	694	36.4	9,577	108	45.0
1939	8,404	3,419	11,823	3.9	30,872	2,052	956	28.8	582	31.1	8,004	106	44.3
Del., Lack. & Western 1940	10,632	6,056	16,688	6.1	37,851	2,131	853	23.3	562	35.0	9,532	117	73.4
1939	12,532	5,301	17,833	12.7	35,706	1,986	769	22.0	457	30.1	8,193	117	67.7
Erie (incl. Chi. & Erie) 1940	13,395	15,468	28,863	2.9	48,980	2,816	1,088	24.3	879	55.4	11,088	85	68.3
1939	16,894	11,921	28,815	6.1	46,138	2,687	989	22.7	722	48.7	8,983	87	54.8
Grand Trunk Western 1940	4,440	7,290	11,730	7.5	36,268	1,925	700	22.5	429	30.2	4,786	84	80.7
1939	4,857	5,549	10,406	11.1	32,648	1,639	583	21.6	390	28.5	3,860	87	75.4
Lehigh Valley 1940	9,640	8,961	18,601	2.0	46,830	2,502	1,084	27.4	600	32.9	8,823	102	63.3
1939	9,787	6,843	16,630	3.0	46,281	2,495	1,042	25.8	567	33.1	7,483	103	54.6
New York Central 1940	83,567	63,550	147,117	11.6	39,068	2,380	1,041	30.2	620	33.7	8,561	91	82.5
1939	90,493	62,456	152,949	19.3	38,024	2,273	964	29.1	490	28.1	6,980	92	68.9
N. Y., Chicago & St. Louis 1940	6,023	8,620	14,643	2.8	42,346	2,320	897	23.9	1,009	66.0	8,972	79	94.1
1939	6,308	7,425	13,733	4.1	41,295	2,207	808	22.0	868	61.6	7,330	80	85.1
Pere Marquette 1940	8,062	7,054	15,116	3.0	29,869	1,764	721	26.0	522	31.8	3,853	88	81.6
1939	9,447	6,058	15,505	3.9	27,912	1,650	656	26.0	434	27.0	3,252	90	74.1
Pittsburgh & Lake Erie 1940	11,693	6,606	18,299	26.6	49,967	3,733	2,177	50.5	345	10.9	27,182	70	52.1
1939	9,119	8,567	17,686	38.2	54,539	4,062	2,374	50.8	289	9.1	21,667	74	31.2
Wabash 1940	11,707	8,813	20,520	6.9	40,548	1,959	713	21.9	589	41.5	5,227	100	72.8
1939	16,253	8,732	24,985	11.9	38,196	1,848	651	20.9	456	33.5	4,511	105	68.4
Central Eastern Region:													
Baltimore & Ohio 1940	53,343	29,729	83,072	7.7	32,023	2,376	1,102	32.6	675	33.2	8,986	126	63.6
1939	56,878	24,703	81,581	19.6	31,079	2,278	1,041	31.9	571	28.7	7,524	124	55.6
Central of New Jersey 1940	7,072	11,166	18,238	13.2	29,519	2,370	1,125	33.4	317	15.5	8,342	123	63.3
1939	10,021	10,138	20,159	30.8	27,983	2,223	1,044	32.4	237	12.0	7,025	132	53.5
Chicago & Eastern Illinois 1940	3,209	3,043	6,252	7.7	29,183	1,578	679	27.0	596	33.2	4,055	117	66.0
1939	3,378	2,792	6,170	7.9	26,690	1,473	619	25.5	513	29.9	3,461	114	59.7
Elgin, Joliet & Eastern 1940	9,223	7,193	16,416	3.1	18,567	2,091	1,025	38.8	228	10.1	9,336	108	68.5
1939	8,165	2,787	10,952	3.2	17,964	1,914	918	36.4	238	10.8	6,616	106	49.4
Long Island 1940	139	3,191	3,330	1.0	5,637	755	289	29.3	74	4.9	647	312	43.1
1939	285	2,887	3,172	5.6	5,318	807	304	29.3	70	4.7	607	335	41.4
Pennsylvania System 1940	184,608	60,802	245,410	14.9	39,210	2,764	1,270	32.3	509	25.6	12,506	100	67.3
1939	198,785	54,753	253,538	23.1	39,761	2,715	1,207	30.4	387	20.6	9,811	100	54.3
Reading 1940	23,163	11,454	34,617	17.0	29,093	2,243	1,118	36.6	445	19.5	10,684	120	54.7
1939	26,638	10,653	37,291	26.9	27,215	2,060	993	34.6	331	15.6	8,478	120	46.0
Pocahontas Region:													
Chesapeake & Ohio 1940	42,535	12,512	55,047	1.7	58,727	4,045	2,244	46.9	1,157	42.9	21,716	63	72.4
1939	42,307	11,600	53,907	2.1	58,168	4,013	2,181	46.6	1,117	42.7	20,225	65	66.3
Norfolk & Western 1940	33,477	6,283	39,760	2.1	60,462	4,038	2,162	44.8	1,159	44.5	21,921	79	76.2
1939	32,184	5,054	37,238	4.9	57,793	3,822	2,041	45.1	1,131	43.5	20,107	82	71.4
Southern Region:													
Atlantic Coast Line 1940	13,841	7,426	21,267	17.0	23,328	1,303	493	22.7	446	30.6	1,761	105	57.2
1939	14,918	6,461	21,379	18.9	21,442	1,203	420	20.3	331	25.9	1,401	109	50.0
Central of Georgia 1940	4,115	3,354	7,469	2.3	23,253	1,198	483	22.6	542	33.2	2,213	113	78.4
1939	4,405	2,144	6,549	1.9	22,151	1,143	438	21.0	501	33.3	1,802	115	69.8
Illinois Central (incl. 1940	28,541	16,078	44,619	3.7	32,122	1,993	825	27.2	736	44.2	4,922	111	54.4
Y. & M. V.) 1939	28,434	14,845	43,279	3.3	30,262	1,886	764	26.2	658	40.9	4,382	118	49.4
Louisville & Nashville 1940	33,962	9,031	42,993	11.4	30,307	1,852	906	35.2	756	35.8	7,016	108	92.7
1939	36,324	8,153	44,477	23.3	29,232	1,799	863	34.3	650	31.7	5,996	110	73.0
Seaboard Air Line 1940	11,016	6,111	17,127	3.9	25,966	1,532	621	24.5	592	37.1	2,327	115	63.6
1939	11,011	4,226	15,237	4.6	24,382	1,438	557	22.6	535	36.5	1,880	117	56.6
Southern 1940	22,390	18,761	41,151	9.2	23,098	1,363	556	23.7	616	38.4	3,861	133	77.4
1939	22,984	18,007	40,991	11.4	23,258	1,348	536	23.1	556	36.2	3,426	129	69.8
Northwestern Region:													
Chicago & North Western 1940	33,236	23,393	56,629	8.3	30,799	2,068	787	25.2	403	25.5	2,677	103	55.9
1939	36,289	20,208	56,497	9.4	30,371	1,975	752	24.5	363	23.4	2,492	100	49.2
Chicago Great Western 1940	2,183	4,339	6,522	1.2	33,871	1,869	685	22.9	875	60.4	3,773	110	99.5
1939	2,323	3,951	6,274	1.3	33,962	1,856	662	22.6	901	65.0	3,687	113	101.1
Chi., Milw., St. P. & Pac. 1940	42,183	19,985	62,168	2.8	32,519	2,008	838	27.5	559	33.0	3,176	106	80.3
1939	43,767	19,247	63,014	2.5	30,326	1,889	766	26.8	507	31.3	2,912	109	74.4
Chi., St. P., Minneap. & Om. 1940	2,864	7,386	10,250	6.5	19,049	1,500	614	26.0	478	27.9	2,811	105	67.6
1939	3,066	6,297	9,363	8.4	19,008	1,480	614	26.2	537	30.7	2,903	99	66.1
Great Northern 1940	33,212	19,473	52,685	4.1	40,675	2,704	1,271	36.5	896	42.7	5,428	86	73.6
1939	37,571	16,899	54,470	5.3	37,987	2,682	1,215	34.1	725	35.9	4,648	91	64.1
Minneap., St. P. & S. S. M. 1940	11,637	5,634	17,271	4.2	26,674	1,646	734	29.5	644	35.7	2,545	87	121.8
1939	12,523	4,668	17,191	6.2	24,971	1,574	661	26.8	517	31.8	2,066	88	101.1
Northern Pacific 1940	27,768	8,555	36,323	6.9	36,592	2,240	936	26.5	667	38.2	3,728	122	72.0
1939	29,917	7,916	37,833	10.3	33,574	2,197	916	27.0	587	33.7	3,395	123	66.9
Central Western Region:													
Alton 1940	1,558	5,459	7,017	6.6	36,485	1,409	526	23.4	480	31.9	3,786	116	90.2
1939	1,778	6,067	7,845	13.9	36,053	1,420	558	25.8	496	31.6	4,345	109	92.9
Atch., Top. & S. Fe (incl. G. 1940	69,111	10,815	79,926	9.0	37,670	1,883	631	22.0	492	36.3	2,966	108	90.2
C. & S. F. & P. & S. F.) 1939	75,489	11,434	86,923	11.6	35,224	1,791	574	21.0	379	29.7	2,460	110	76.2
Chicago, Burl. & Quincy 1940	24,919	16,641	41,560	4.5	32,564	1,921	748	24.9	651	42.8	3,101	101	76.3
1939	28,338	14,829	43,167	8.8	31,116	1,799	696	24.6	584	38.2	2,832	104	74.7
Chi., Rock I. & Pac. 1940	17,941	12,485	30,426	4.9	30,295	1,612	606	24.2	700	48.5	2,728	104	72.2
1939	19,091	11,490	30,581	5.7	27,705	1,525	576	23.9	636	43.4	2,478	111	65.3
Denver & Rio Gr. Western 1940	10,740	4,902	15,642	3.5	30,754	1,926	731	25.0	502	32.8	3,122	145	80.2
1939	11,934	4,600	16,534	3.4	28,538	1,776	673	24.9	400	26.1	2,612	149	69.2
Southern Pac.—Pac. Lines 1940	28,087	30,234	58,321	4.5	36,357	2,251	800	23.2	722	49.1	4,894	94	88.1
1939	30,747	27,455	58,202	5.7	33,550	2,113	732	22.8	618	44.5	4,209	98	84.7
Union Pacific 1940	35,053	23,251	58,304	6.1	44,590	2,029	695	21.4	849	64.2	4,871	111	95.5
1939	37,604	22,943	60,547	12.5	44,853	2,093	718	22.1	739	53.6	4,526	111	82.3
Southwestern Region:													
Mo.-Kansas-Texas Lines 1940	5,220	3,359	8,579	7.2	29,115	1,433	531	21.8	764	53.4	1,990	81	75.0
1939	5,123	3,254	8,377	4.7	28,326	1,460	527	21.8	735	53.8	1,920	84	64.5
Missouri Pacific 1940	16,763	16,687	33,450	2.3	33,607	1,849	729	25.4	755	47.4	3,609	107	77.4
1939	16,993	18,678	35,671	2.3	32,475	1,820	705	25.2	678	44.0	3,379	107	72.4
Texas & Pacific 1940	2,597	3,824	6,421	3.0	39,712	1,959	725	22.3	884	58.8	2,973	81	44.1
1939	3,211	3,955	7,166	1.9	36,523	1,892	690	22.4	779	54.9	2,852	82	46.7
St. Louis-San Francisco 1940	15,305	5,489	20,794	2.1	29,052	1,455	569	25.1	553	36.4	2,460	111	63.7
1939	16,705	4,622	21,327	4.5	26,166	1,307	501	24.5	522	35.6	2,321	117	71.2
St. Louis Southw. Lines 1940	2,310	2,643	4,953	2.3	33,494	1,691	551	18.7	810	61.3	2,482	84	72.7
1939	2,593	2,407	5,000	3.1	30,301	1,519	573	21.7	866	58.7	2,511	86	71.1
Texas & New Orleans 1940	5,590	10,765	16,355	3.7	28,691	1,519	612	25.0	746	44.1	2,585	84	77.4
1939	6,167	10,046	16,213	3.9	27,515	1,488	580	24.3	622	39.0	2,245	84	67.1

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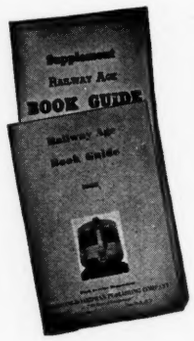

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